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30 JULY 1987

EAST EUROPE

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COMPLAINTS ABOUT NATIONAL COUNCIL'S PERFORMANCE MULTIPLY

Bratislava NEDELNA PRAVDA in Slovak 17 Apr 87 p 1

[Article by Peter Toman: "Offices Are for the People..."]

[Text] "If someone at the national committee had taken my first request seriously I would not have had to write anything else, would not have had to take them to court and get myself the reputation of a notorious complainer...", one reader wrote to us from Liptovsky Mikulas.

Numerous similar bitter complaints have reached us recently concerning the work of national committees in resolving the day to day problems of the general public.

For example, one married couple from Bratislava was surprised to find out that the apartment allocated to them by the national committee was already inhabited.... "Employees of the housing committee had not research the situation sufficiently," one reads in the response of the supervisory national committee which had just invalidated the original decision....

Another couple, from Novy Mesto nad Vahom, are having problems purchasing a cottage from the previous owners. They cannot understand how the positions of the local, okres and kraj national committees can be different, since they should all be basing their opinions on the same set of regulations.... Yet another reader had first approached one, then another employee of the same division of the okres national committee. Each wanted different documents for approval of her building permit and both treated her very poorly in the process....

These and other experiences lead to the question of why someone can't get something done at an office on the first try, and why he needs to call attention to the problem two, three, and more times. In the final analysis, such experiences cast doubt on the viability of the work of the national committees and create a gap in the relationship of the average citizen and the national committees. This is a shame, because the national committees are supposed to help the average citizen, not make his life more complicated. The question becomes why has this situation arisen?

One answer involves a word frequently used today--competence. The professional qualifications of employees at all levels of national committee

organizations--functionaries, delegates, and office employees--leave much to be desired. Educational levels of entry level national committee employees are improving, and more and more newly hired officials have college degrees. Yet the problems continue, for example in the area of knowledge of legal regulations. This is confirmed not only by letter that reach our editorial offices, but also by periodic official inspections.

National committee employees, however, defend themselves against these charges, citing the maze of regulations and decrees that they must deal with. They speak of the outdatedness of some regulations, and about the administrative requirements which often do not give themselves enough time to resolve specific constituent problems. These comments are in part justified, and lead to still more measures designed to simplify national committee work. These measures include revisions in the number of decrees and regulations, measures to reduce nonessential paperwork (these have met with only partial success), and the modification of older regulations to bring them into line with current conditions and needs. The ideas and initiatives of younger national committee employees are essential for these programs to be a success. There are other employees, however, who find in these real problems a justifications for their own superficiality and lack of knowledge of those basic legal standards, without which their divisions could not function. That everyone is not working to improve matters is clear from an instance recalled recently by a secretary of an okres national committee. While new legal regulations lay untouched in their offices, unposted, all the crossword puzzles in the magazines were completely filled out.

Problems extend, moreover, beyond the professional questions. National committee work demands people who understand daily problems. Citizens do not always encounter such employees, however. One reader from Bardajov writes, "I went to see a national committee employee twice during business hours, so he could help me with a particular problem. Once he was out, and the second time he had a crisis to deal with. The third time I came outside of business hours. He refused to see me and showed me the schedule of office hours...."

Statistics on complaints show without a doubt that the most frequent problems with the poor performance of employees and functionaries occur in dealings with national committees and their subordinate organizations. Such complaints have the greatest probability of being substantiated. National committees are still largely staffed with people who view a citizen approaching them with a problem as one more unpleasant responsibility to be disposed of as soon as possible. Such people have no business working at national committee offices, or at any other organization for that matter that deals with day to day problems of normal citizens. The same goes for their supervisors who allow them to persist with this unacceptable attitude to the conduct of national committee business.

We do not wish to imply that national committee employees need to accommodate every wish of the general public. If the individual does not have a right to what he is demanding it should be explained to him why not. And if the national committee cannot provide him with immediate assistance on something

to which he has a right, then this should also be explained and alternative solutions sought. A citizen must feel that the organization wants to help him, not that he and his problem is an unwelcome burden.

Klement Gottwald's statement that "Offices are for the people, not the other way around," has lost nothing of its accuracy even today.

9276/6662

CSO: 2400/276

COMPLAINT ABOUT MAYDAY CELEBRATIONS

Bratislava NEDELNA PRAVDA in Slovak 1 May 87 p 2

[Article by Rudolf Slezak, Vysoka pri Morave: "Should We Return Mayday to the Countryside?"]

[Text] May first. Huge parades of people who show their solidarity with the tradition of Mayday celebrations. I believe that this year as well the celebrations have been well organized and will turn out as we would like.

Let me take this opportunity, however, to make a comment on how this celebration is being planned in our cities. I remember, you see, as will everyone who has a sincere interest in this celebration, the Maydays that we celebrated in the countryside. At that time we didn't have to trudge to the towns in overfilled buses and trains, hang around stations in overflowing and uncomfortable waiting rooms, nor did we have to go back home tired, sweaty, dirty, and frequently disillusioned. The first of May in the countryside was always celebrated as a holiday for the entire village. Everyone wore their best clothes, cleaned up their children and went to the parade. The streets were full of flowers, glistened with cleanliness, and the smell of baked goods, sausages and goulash filled the air. The local radio was playing, as were brass bands, the local house of culture had several programs and there were sporting events as well. People walked around comfortably the entire day, there was no waiting in line for either pastry or wine, and everything went off without aggravation, crowds or nervousness. This is not the case today when one travels to the city, when the parade is barely over and you already have to catch a train to get back home. How many of us dare to take the kids along on such an occasion, knowing what awaits us. And something else. During the times that I remember one never saw anyone in working clothes at a Mayday celebration. Now it is not unusual to see someone sowing potatoes or doing some masonry work in front of his house while the parade is going on. Throughout the countryside nowadays on this great holiday one hears the sound of hammers, carpenters' hatchets and the monotonous clatters of mixers. Such people do not go to Mayday celebrations anymore. And the people who do go to the parade, and return home tired and dirty from the city, rarely have any interest in any cultural or social activity in the village. Isn't something wrong here?

Everyone with whom I have discussed this agrees with me. If we do not want people from the countryside to stop attending Mayday celebrations, then we should think about moving these celebrations back to the countryside, or at least to the central towns such as our village of Vysoka pri Morave. This would be a proper return to traditions which have served us well in the past.

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WORLD PACIFISM SURVEYED IN ARTICLE

Prague NOVA MYSL in Czech No 3, 1987 pp 94-103

[Article by Vladimir Novak: "Pacifism and the Peace Movement"]

[Excerpts] The history of the peace movement may be traced back to the 19th century. Two principal directions have gradually crystallized within its framework. One is the anti-militaristic movement associated with the workers' movement and later, in this century, mainly with the communist movement; its theoretical basis was scientific socialism. The other, petty-bourgeois pacifism, was not distinctly linked with any party and political power, and lacked a unified theoretical basis. Its effect was evident in various organizations and associations and from the very beginning its ideas varied considerably, even to the point of contradictions.

The representatives of various factions of the anti-war and peace movement met at the first World Congress of the Defenders of Peace which was held concurrently in Paris and Prague in April 1949. The pre-war anti-militarist movement based on the revolutionary workers' movement merged there with a major part of the pacifist movement—or more precisely, with that part which understood that empty pacifist exhortations would be fruitless without specific actions against those who plan and initiate wars. The developing new organized world peace movement was established under the umbrella of the World Peace Council founded by the second World Congress of the Defenders of Peace in Warsaw in 1950. Throughout its existence the peace movement, under the leadership of the World Peace Council, has taken an active part in the worldwide struggle against the threat of war, for disarmament, against colonialism, for national liberation, and against regional conflicts.

The efforts of this organized world peace movement are currently focused primarily on the struggle against the danger of a global nuclear war and against the star wars. It promotes the establishment of zones free of nuclear and chemical weapons, reduction of the expenditures for arms, including conventional weapons, and the implementation of several other programs to ensure a durable peace in the world. Under the leadership of the World Peace Council, the peace movement does not proceed from the principles of scientific socialism, although—mainly because great many of its activists are Marxists-Leninists—it has absorbed the fundamental principles of that worldview. Nevertheless, it remains open to other ideological views. In its essence the

peace movement organized around the World Peace Council proceeds from principles which may provide the foundation for cooperation and joint actions of the peace movements in general. These principles are:

- nothing in the world is more important than peace;
- peace is more than a non-military resolution of conflicts among states by alliances and social systems;
- peace and security may be achieved by disarmament and not by arms;
- policies whose objectives are peace and security demand solidarity with national liberation movements, and support for a new economic order, which is the postulate of the developing countries;
- policies of peace and security must put an end to the inventions of anti-Sovietism and anti-communism;
- peace cannot be achieved by military means; in the final analysis, it may only be ensured by political means.

The above-mentioned criteria serve us also as yardsticks with which various pacifist trends in the peace movement may be measured.

In addition to the peace movement represented by the World Peace Council, there are various other peace movements which proceed from petty-bourgeois pacifism and which have learned practically nothing at all from World War II. In the years immediately after the war these movements were weak and they found it difficult to assert themselves because the public still keenly felt the wartime suffering, vividly remembered the role of the USSR as a liberator and respected the struggle against fascism. At present the peace movement proceeding from pacifist principles, especially in West Europe and on the North American continent, represents a relatively sizeable part of the peace movement. The pacifist movement exists alongside national peace organizations which belong to the organized world peace movement. In some countries these movements are considerably interrelated and in others sharply divided.

Naturally, it is very difficult to find an exact dividing line between the trends which we regard as "pacifism." As in the past, the present-day pacifism represents the most colorful conglomeration of different views, attitudes and ideological approaches. They may include not only the advocates of absolute nonviolence in peace efforts, but also those who defend justifiable violence in efforts to abolish apartheid and racism, or to defend the already won freedoms. Pacifism encompasses trends which reject any institutionalization of the peace movement and which oppose any authority in the state and in the peace movement, as well as organizations with rigid, often almost hierarchical structures. Many Christians and Christian associations, believers of various other religions as well as atheists have embraced pacifism. Its social base is very broad. Although it is supported mainly by the middle class and petty bourgeoisie, it includes at the same time also some workers, but on the other hand, some of its groups are recruited from upper classes.

The main expression of pacifism is its non-scientific approach to the causes of wars. Pacifists do not comprehend (or intentionally conceal) social origins of wars, and fail to see that "their roots are inherent in the very essence of capitalism, in its private ownership of the means of production, in its

pursuit of profits, in its efforts to dominate other states and nations, in its predatory craving to control the sources of raw materials and markets."

Current pacifism is characterized by its theory of bilateral, equitable blame of the "superpowers"—the USA as well as the USSR—for the threat of war. The appeal of the so called First East-West Dialogue held in Vienna in 1982 was its typical expression. "Both superpowers and their bloc systems are responsible for the escalating danger of a new world war. Both are responsible for the senseless arms race. If the threat of war is to be averted, the policies of both sides must be fundamentally changed."

It is crystal-clear that this theory disregards the facts on hand. Not only does it fail to understand the real social causes of war, but it does not comprehend even the principles of the Leninist peace policies fostered by the USSR. It does not see, nor does it want to see, the specific practical steps taken by the USSR toward arms reduction and disarmament. The above quotation dates back several years. Since that time some of the pacifists have already reached more realistic conclusions about the steps taken by the USSR, nevertheless, the theory of the "bilateral guilt of the superpowers" has survived among the pacifists.

At its convention in Perugia, Italy, in 1984, the First-West Dialogue Initiative, whose members include, among others, also dissidents and emigres from the socialist countries, issued another proclamation which in its part entitled "Spanning the Divided Europe" states: "The essential interests of the nations on both sides of this continent are increasingly adverse to the hegemony and power interests of the superpowers. Therefore, gradual elimination of both bloc systems is for us the bottom line and the objective of peace policies." Under the pretext of eliminating the blocs, behind the apparently "peaceful" platitudes of the theory that both superpowers are to blame, the actual aim here is the effort to isolate the USSR from other socialist countries and to instigate the countries of real socialism against that system. The attempt to create the so-called supra-bloc peace movement is based on this theory.

The so-called social defense (for which the term "civil defense" is occasionally used) is a considerably widespread theory among the pacifists. Its origins may be traced back to the 1950's, particularly in the Anglo-Saxon and Scandinavian countries. At present its followers refer mainly to the works of Theodore Ebert, a professor of the University of West Berlin, who elaborated this theory in minute details. The main premises of social defense have various forms and may be found in particular among pacifists with Christian leanings. T. Ebert himself defined social defense as follows: "Social defense is a summary term for concepts which oppose military defense and which prefer nonviolent opposition to armed action. Sovereignty should be defended not by military defense of the boundaries and territories, but by nonviolent means of resistance by civilians in their attempt to maintain their self-determination in social institutions of a democratic statehood. The goal of social defense is to protect the viability of the particular social system they defend, to refuse to cooperate in any way with the aggressor, and to compel his current allies to become neutral or to participate in the defense."

As other pacifist theories, this one also evades the social roots of the arms race and of wars, and fails to oppose the US confrontational strategy in any way.

Of course, social defense may also play a positive role in the peace movement if it opposes high military budgets, aggressive weapons, especially nuclear arms, and so on. Nevertheless, it may serve counterrevolutionary aims as well because it does not comprehend the correlations of social processes and different standpoints and functions of both social systems. It is hardly coincidental that some years ago its proponents saw their ideas come true in Poland in the form of the opposition to the socialist system posed by the ranks of the Solidarity movement. Typical symptoms of the theory of social defense are passive resistance, nonviolent civil disobedience "within the law" and outside the law, absolutization of Gandhi's teachings, however, stripped of their anti-imperialist essence, etc.

Another widespread theory of pacifism is the appeal for unilateral disarmament. It stems from distrust to negotiations on disarmament, various peace conferences and "round table" talks by the representatives of governmental and non-governmental organizations. While the promoters of unilateral disarmament appreciate the achievements in the area of disarmament (for instance, the prohibition of nuclear tests, with the exception of underground testing), they maintain that these are only partial, tangential, cosmetic accomplishments, while general disarmament is unthinkable in view of the antagonism and mutual distrust of individual states and blocs. According to the advocates of this appeal, the negotiations or achievements of partial agreements conceal the fact that the whole arms race is going on and gaining momentum. They allege that the only step that may fundamentally change this situation is unilateral disarmament and that it represents the imperative beginning.

Unilateral steps toward disarmament should convince the other party to take similar steps and force it to do so by the moral example of the adversary who was the first to take such a step, as well as by the diminished feeling of endangerment which the other party had feared. The proponents of unilateral disarmament believe that measures aimed at unilateral disarmament pose less risk than the continuous strategy of intimidation and escalation of the arms race.

In fact, it was the USSR which particularly in recent years had taken significant unilateral steps--let us recall the moratorium on all testing of nuclear weapons and on the deployment of medium-range missiles--which enhanced the authority of the USSR in the eyes of the pacifists and alleviated their fears of the "threat from the East" incessantly fomented by bourgeois propaganda which holds in thrall a great many pacifists.

One of the most meaningful moments which contributed to that change was the summit meeting of the USSR and US leaders in Reykjavik in November 1986. While Mikhail Gorbachev demonstrated the highest degree of political realism and clearly expressed the willingness and determination on the part of the USSR to take far-reaching steps toward disarmament in every military area,

Ronald Reagan's attitude, especially his insistence on the dangerous policies of star wars, confirmed the USA's reluctance and aversion to take steps toward disarmament.

Understandably, even those pacifists who thus far had ignored the fundamental difference between the USSR's and the USA's policies could no longer disregard these facts. Thus, many apologists for unilateral disarmament finally realized the futility of their hopes that unilateral steps would motivate the other party, in this case the USA, to take a similar action. When the Soviet leaders announced that if the USA would continue the testing in 1987, they, too, would resume tests, some of the pacifists recognized the USSR's right to resume the tests, but other pacifists failed to understand why the unilateral moratorium had to be terminated, and they still insist that unilateral steps are the only way to save mankind from self-destruction.

A thesis which is very widespread among the pacifists contends that due to a great many various inequalities and other circumstances, it is impossible to determine the military balance of power. Allegedly, for that reason peace movements must "not be tempted to prove that NATO has superiority over the Warsaw Pact (or vice versa) or that there is a balance...What the peace movement may do is help reveal the nonsense and the potentially manipulatory nature of attempts to achieve a military balance of power."

Accordingly, these pacifist circles reject efforts for a balance of power between the USSR and the USA, between the Warsaw Pact and the NATO; they can not see any real significance in the attempts of the reactionary circles in the USA to achieve superiority. In their view, any support for the demand that there be a balance of power only diminishes the determination of the "powerful" to disarm and encourages the feeling that peace may be saved with weapons.

Unfortunately, the peace movement in the West is not familiar with the analyses made by Soviet scientists and military experts, which prove that the balance of power may be approximately determined and that precisely that balance must serve as the criterion for assessments of security issues and of potential perspectives for the disarmament talks. Pacifists underestimate the importance of the necessary balance of power, and do not recognize the qualitative differences in the existing arms systems of the USA and the USSR. Furthermore, they also underrate the essential necessity of a gradual parallel disarmament while maintaining a balance of power on gradually declining levels.

These are some of the views and attitudes from which at least some, if not all, pacifists proceed (in the same way we may refer to the refusal to serve in the military, rejection of the concept of the nuclear deterrent, etc).

Theoretical premises of pacifism vary greatly and so do its organizational structures. Unlike the organized world peace movement which has its national peace committees and organizations in individual countries and which operates under the umbrella of the World Peace Council, the pacifist movement lacks such a structure. Not only are there few unified pacifist organization in individual countries, but there is no world center of the pacifist movement. Pacifism is essentially an idea which unites tens and hundreds of various,

more or less organized groups on a completely loose, voluntary basis. Only in some countries, for example, in Britain, a dominant position in the peace movement is held by a pacifist organization (the Campaign for Nuclear Disarmament-CND) in which dozens of other small organizations are associated or with which they loosely cooperate. Most countries have no dominant pacifist organization that could claim the position of leadership.

Various international associations (for example, the International Peace Bureau-IPB, the War Resisters' Internationale-WRI, etc) which operate worldwide, include individual organizations from other countries in the world, but no joint organization is regarded as an authority by all, or at least by most pacifist organizations. Attempts have been made on several occasions to create a world or a European pacifist center (for instance, by establishing the so called International Peace Coordination and Communication Center with headquarters in the Netherlands); nevertheless, they were unsuccessful.

Pacifism is the orientation of the so-called new peace movement formed in the late 1970's. Despite all its criticism, no matter how motivated, one of its factions is willing to maintain contacts with the organized world peace movement and with the World Peace Council. However, another faction of pacifism stubbornly rejects all contacts with the organized world peace movement and its national peace committees and organizations. These pacifist circles do not always advocate anti-communist views explicitly, but most of them are strongly influenced by anti-communist propaganda.

At present both these factions of pacifism represent a considerable part of the peace movement in the world; in general, it may be said that in its overwhelming majority pacifism has progressed from empty theorizing, and from issuing of proclamations and platonic appeals to dynamic anti-war programs.

The Federal Republic of Germany may serve as a vivid example of contemporary pacifism. In the Coordinating Committee of the Peace Movement participate 30 of the most prominent peace organizations; at least half of them are exclusively pacifistic. The working conference of its committee in 1985-1986 adopted decisions about the focus of the activity of the peace movement which may be summarized as follows:

1. Elimination of US Pershing-2 missiles and of the ground-to-ground rockets deployed on the FRG territory;
2. Condemnation of star wars and refusal of the FRG to participate in them;
3. Establishment of zones free of nuclear and chemical weapons in Central Europe;
4. Opposition to any increase in conventional arms;
5. Support for cuts in military budgets. Allocation of ensuing savings to promote higher employment and environmental protection, and to benefit the famine-stricken countries of the so called Third World.

These demands are in agreement with the current situation and with the needs of the world struggle for peace; moreover, they agree with the attitudes of the USSR and of the socialist countries. It is a fact that not all pacifist organizations are pushing through the above-mentioned postulates vigorously

enough. They had accepted them partly as a compromise at the working conference. The differences are not so much evident in the contents as in the methods of implementation. Nevertheless, this changes nothing on the fact that despite its considerably problematic theoretical positions and ideas, pacifism in the FRG plays a generally meaningful role in peace efforts.

Pacifism in the USA holds a singular position. Its ideas about the achievement of peace are quite different from those that are typical for pacifism in West Europe. In reality, there is no mass peace movement in the USA. A substantial part of the movement consists of local groups which initiate actions related to specific local interests. Among the very few organizations, or more precisely, free associations operating in several states of the USA are the Mobilization for Survival, a peace group of professionals known as the Association of Concerned Scientists, etc. Pacifism is the common denominator of all peace organizations in the USA. The US Peace Council, the only peace organization of importance, pulled out from this structure and joined the organized world peace movement.

Among the most characteristic symptoms of the US pacifists, resembling the European social defense, are the civil disobedience campaigns--refusal to perform military service or to pay taxes, campaigns against the US interventionist policies in Central America, etc.

The FRG and the USA are two examples--however, these two countries are not the only ones. Pacifism which abandoned its former passivity and empty rhetoric, pacifism acting resolutely to eliminate the threat of war and to ensure peace--may be seen also in other countries of the world, in West Europe, Canada, Japan and many other states. A striking proof of this fact was the World Peace Congress in Copenhagen in October 1986. Following the Prague Peace Assembly "For Peace and Life, Against Nuclear War" in 1983, it was a meeting of the broadest spectrum of world peacemakers and anti-war activists--Marxists, the followers of the scientific worldview and other movements as well as pacifists of every stripe. Many of their presentations testified to their participation in dynamic anti-war programs in their own countries. Copenhagen offered another proof that they had found the right way on which the organized world peace movement would advance side by side with the pacifists, against the hectic arms race, nuclear war and star wars.

Naturally, one cannot ignore the fact that groups which over the past 10 years got organized on the basis of West European pacifism hold strongly anti-communist and anti-Soviet views. Their attitudes to all fundamental issues concerning the preservation of peace are subordinated to anti-communism and anti-Sovietism. These groups are not very numerous, but they exert relatively great influence on the peace movement in the West, and many of their theoretical views and actual programs have affected the pacifist movement and trends under discussion.

One of the first pacifist organizations which began to follow this direction was the Dutch Interchurch Peace Council-IKV, or more specifically, certain personalities who gradually assumed leading roles in it. It was organized in 1966 by the unification of several churches on an ecumenical basis. For

several years the IKV has been steadily attempting to support the anti-communist and anti-Soviet forces in the countries of real socialism and thus, to create the so called supra-bloc "independent" peace movement which is supposed to act in opposition to the social system in the countries of real socialism, to the leading role of the communist party, and to promote the so-called political pluralism. In the view of these circles the joint struggle waged by peace-loving forces in the East and West against nuclear arms and star wars is relegated to the background, while, precisely in the spirit of anti-communism, "human rights" and "freedom" in a deformed concept appears in the forefront as a task superior to everything else.

The IKV is not the only organization of its kind within the pacifist movement in the West. Similar groups have gradually sprung in other countries, for example, the Committee for Nuclear Disarmament in Europe--CODENE--in France, the Independent Peace Initiative in Austria, etc. The most prominent among them is the European Nuclear Disarmament-END--in Great Britain. They include a Danish organization named No to Nuclear Arms--NTA, which took the opportunity of the already mentioned World Peace Congress in Copenhagen to demonstrate, among other things, its viewpoints.

Fortunately, pacifism today is not represented solely by views of this kind. The attitudes of the predominant part of pacifists agree with the realities of our time; pacifists are involved especially in a vigorous struggle against the nuclear threat posed by the Pentagon and by the circles associated with it.

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SZUROS' U.S. SPEECH FOCUSES ON FOREIGN POLICY OBJECTIVES

Budapest MAGYAR HIREK in Hungarian 5 Apr 87 pp 3-4

[Article based on speech by Matyas Szuros, MSZMP CC Secretary responsible for foreign policy, given at the Institute for East-West Security Studies in New York City in March 1987: "Cooperation for Mutual Advantages"]

[Text] Matyas Szuros was born in 1933 in Puspokladany, Hajdu-Bihar County. Following his university studies, he was employed by the Ministry of Foreign Affairs and was a diplomat in Berlin. Subsequently he worked at the Foreign Policy Department attached to the Central Committee of the MSZMP. He was Hungary's ambassador in Berlin between 1975 and 1978, and in Moscow until 1983. Following this, he was named as Secretary of the Central Committee responsible for foreign affairs. In the National Assembly, where he represents his home district, he presides over the committee on foreign affairs. This article is based on the speech he gave in March 1987 at the Institute for East-West Security Studies in New York.

Events of the recent past, and especially the epochal changes of the 1970s in the economic and political spheres, have taught us that the merciless competition between nations and the challenges of our times compel a small country such as Hungary to assume the only rational strategy: that of continuous and effective adaptation. The comprehensive openness that characterizes our country is not only a compelling factor, it also gives us a chance to participate in the international distribution of labor, take advantage of our given flexibility and stay ahead of changes.

What Does Our 'Europeanness' Mean?

The realism of Hungarian foreign policy is based primarily on the fact that we consciously accept the realities of being a small nation, but in the formulation of our global contacts we strive to look at the world through a broad perspective and to work toward maintaining pace with the main trends of the age.

In defining Hungary's foreign policy factors, we must take into consideration first of all that its size, population and economic and political strength qualify it as basically a small country. The size and resources of our country are decisive in defining opportunities and limitations for realizing

our national aspirations. Throughout our history, our geopolitical situation seldom provided us with broad maneuvering room, although there have been times when we entertained certain illusions concerning this. Our energetic efforts during the interwar period to become connected with world trade and geographically expand our activities (illustrated by our flourishing contacts with the countries of Latin America) were basically aimed at loosening the regional limitations of our political and economic activities. The annexations contained in the post-World War One peace treaties, which disregarded Wilsonian principles and caused Hungary to lose two-thirds of its territory and the Hungarian nation to lose one-third of its ethnic stock, forced the country's foreign policy to proceed along a definite course. The situation was made even graver by the unrealistic thinking of our former ruling classes, expressed in irredentist slogans, such as "We want everything back!" which in the end drew the country into the camp of the defeated.

After the Second World War Hungary became part of socialism's military, political and economic alliance system, which is gradually becoming the implement for the simultaneous realization of community and national interests and aspirations. Thoroughly re-evaluating our previous efforts, we made what was the only rational move under the circumstances: we have been striving to develop with our neighbors relationships that are cooperative and organized in accordance with the given peculiarities. Within this, primary emphasis was placed on developing and making mutually advantageous our relationship with the world power that is our direct neighbor, the Soviet Union. The importance of cooperation with our neighbors is underscored by the fact that most of our results and achievements are based on this system of relationships. We must not forget the fact that one out of every three Hungarians alive today lives outside the present borders of Hungary, most of them in the neighboring countries. Our sense of responsibility concerning their fate has much to do with the need to improve our contacts with our neighbors, to intensify communication between the countries of East Central Europe.

At the same time, our alliance with the Soviet Union and the socialist countries does not exclude the necessity for developing contacts with countries having differing social systems, including the United States, if there is a genuine interest in this and if the relationship is based on mutual advantages. On the contrary, today's realities make this necessary. After all, we can overcome our developmental and size-related disadvantages only by a broad and smoothly operating system of international contacts. It is our goal to see the old "beggar-my-neighbor" attitude replaced by a "better-my-neighbor" view--that is, that national advantages should not be gained at the expense of others, through unilateral dependency, but by deepening the spirit of cooperation, which is made necessary by an objective sense of mutual interdependence.

Our historical heritage, our centuries of economic and cultural development, our past and present firmly bind us to the whole of Europe. Our 1100-year-old European solidarity means that we are thoroughly committed to the goals of enlarging the all-European cooperation, its enrichment with new forms and content, and the further development of the European security process. We consider it one of our most important international tasks to contribute constructively to the deepening of the East-West dialogue.

For The Rights Of Minorities

During recent years it has become one of the more evident traits of our foreign policy that we take a principled stand on behalf of the rights of national minorities and for free, uninhibited communication between individuals and peoples. It is our conviction that the three and a half million ethnic Hungarians who make up large blocks of the neighboring nations' population as well as those non-Hungarian ethnic groups who--in smaller numbers--reside within Hungary, are not necessarily contributing to the elements of suspicion, but in fact represent bridges between our countries and our peoples. This is why, on our part, we continuously encourage--as part of the process of democratization--the national minorities living within our borders to take advantage of their ever-growing rights.

We do not wish to interfere with the domestic affairs of other countries, but we cannot remain indifferent to certain issues, such as the fate of Hungarian-speakers--living in a neighboring country or anywhere else--the guarantees for the implementation of their individual or collective minority rights, the issue of their access to culture in their mother tongue, and their unencumbered opportunities for contact with Hungary. As far as we are concerned, these are basic human rights.

Our efforts in this area correspond to the demand for creating mutual understanding and confidence necessary for the improvement of global conditions, the calls for improving human conditions throughout the world, the principles of the Helsinki closing document, and the norms of international legality.

The Role Of Small Countries

Throughout the history of our country, there was hardly a period when we were able to maintain good relations simultaneously with all major powers.

The primary reason for our concern over the occasional increase in Soviet-American tension is that the chilling effect of such tension can be felt on the entire East-West relationship. Although in the early 1980s the smaller countries were not entirely unsuccessful in making up for the lack of dialogue between the two great powers by increasing their own international activities, we must agree with the view that there is no substitute for direct dialogue between the major powers.

An important factor in the smooth operation of international contacts is that all participants contribute to the stability of the entire system, taking maximum advantage of their own peculiarities and opportunities. In this respect, the responsibility of the major powers is particularly great. In our view, it is not the rapprochement of major powers that results in reduced opportunities for the small countries; on the contrary, we see "over-reacting" to tensions as the primary threat, because it can undermine the confidence that is absolutely necessary for developing any partnership.

Since we live in the region of Central Europe, a region that witnessed severe tensions throughout its history and bears the scars of many national grievances, we consider confidence, cooperation and good-neighbor relations to be more than good-sounding expressions. They convey important lessons, learned from national tragedies and bitter defeats; thus, they form the founding principles of our foreign policy activities. Basing our actions on the interests of our nation, we have been striving during recent years to deepen, strengthen and broaden the various bi-lateral and multi-lateral contacts with our neighbors. We are convinced that these contacts equally benefit Hungarians and the neighboring peoples, and thus they contribute to strengthening the security of the entire continent and improving the political atmosphere.

Hungarian-American Relations

From our side, we have attributed especially great importance to the resolution of relations between Hungary and the United States. We consider it a happy fact that today our cooperation is not hindered by significant unresolved problems, and both sides appear determined to progress on the bases of past achievements. Public opinion in Hungary greeted with pleasure the January 1978 decision by the American government to return a priceless national relic, the crown of King Saint Stephen, the founder of our country, to its rightful owner, the Hungarian people.

When it comes to Hungarian-American relations, we are past the work of laying the foundations: The walls are already standing, and the roof is also completed. The next step is to furnish this "edifice," to make it "more inhabitable," and this is no less of a task than what we have completed thus far.

There are numerous ties connecting our countries and our peoples. Beginning with the late nineteenth century, resulting from the tragic events of European and Hungarian history, millions of Hungarians arrived in America, bringing with them their cultures, their traditions, their knowledge and their energy. When it came to brightening America's intellectual and scientific life, Hungarians--along with many others who came from Europe--such as the Nobel Laureates Albert Szent-Gyorgyi, Jeno Wigner and Gyorgy Bekessy, professors Leo Szilard, Janos Neumann, Todor Karman, Ede Teller, Jozsef Galamb and Bela Balassa, and artists such as the brothers Korda, Gyorgy Cukor, Jozsef Pulitzer, Gyorgy Solti and many others played an undeniably great role.

Hungarians made a disproportionately large contribution to life in the United States, and we too are proud of this. Also, we are grateful to America for providing safe haven for those who were persecuted because of their progressive ideas: Lajos Kossuth, the leader of Hungary's war of independence, and Bela Bartok, the outstanding figure of twentieth-century music. At the same time, we also realize that the above-mentioned luminaries were able to fully develop their talents only under the conditions that America was able to provide for them at the given time.

Freedom-loving Hungarians were always attracted by the values that contain the full realization of entrepreneurial freedom, a respect for achievement, a

readiness to innovate and the powerful stimulus of self-realization through competition. Today's Hungarian society is also sensitive to these values, and the economic and technological achievements of the United States are highly regarded in Hungary.

In addition to broadening the various political and cultural contacts between our nations, our partnership could be strengthened even more, if more emphasis was placed on exchanging our technological-scientific achievements, if the conditions of technological transfer were made more favorable, and if our marketing efforts were less hindered by customs and other restrictions. On the part of Hungary, the country's economic openness and its dependence on global economic contacts are factors that neither we nor our partners can ignore.

Hungary's leadership is cognizant of the fact that the further development of reforms and their transfer into the sphere of political institutions call for increased determination and courage. Our responsible leaders clearly see that--as was the case several times in our past--our existence and our development toward independence are conditioned on reforms. How these reforms will be implemented and what results they will bring is to a large extent dependent of the helpful, or obstructionist, attitude of other countries, as well as the cooperation that is now developing between our country and the United States.

13201
CSO: 2500/327

GREATER HUNGARIAN REPRESENTATION IN CZECHOSLOVAKIA

Budapest MAGYAR NEMZET in Hungarian 13 Apr 87 p 3

[Unsigned article: "CSEMADOK-Assembly: Hungarian Representation in Elected Bodies Will Be Greater"]

[Text] Last Saturday the Cultural Association of Hungarian Workers in Czechoslovakia began its national assembly in Bratislava.

Led by Julius Hanus, the first deputy premier of the Czechoslovak government, a delegation of Slovak state and party functionaries also participated in the assembly. During the morning session, delegates of the Association listened to Zoltan Sido, the president of CSEMADOK, who reported on the achievements of the recent period.

The Assembly evaluated the work accomplished, within which increased emphasis was placed on nurturing folk traditions and the mother tongue.

During the afternoon debate--when the topics of discussion included the problem of bilingualism, as well as the proposal that the Hungarian-language television of Czechoslovakia could devote more of its air-time to the life and culture of Hungarian speakers residing in southern Slovakia--Julius Hanus also spoke.

Hanus gave assurances that he enthusiastically supported the activities of CSEMADOK, then spoke about the importance of nationality political life and culture. However, he also called attention to the fact that citizens must respect society's priorities. In connection with this, he pointed out that most Hungarian-speaking students wish to continue their studies in the humanities, while society's progress calls for more experts in the technical and scientific fields. This is why it could occur that fewer young people are admitted to the universities.

In his remarks Hanus answered the questions concerning the Hungarian-language programming of [Czechoslovak] television, adding that the individuals responsible must deal with the issue.

The Assembly--which, by the way, was attended by Jozsef Toth, our country's chief consul in Bratislava, as well as by representatives from the cultural

associations of Polish and Ukrainian workers--continued its work on Sunday, when it discussed the new organizational rules.

Sunday's discussion focused on, among other things, the role of culture in communities that offer few employment opportunities and are so small that they no longer even have schools. It was recommended that support should be extended to amateur groups and clubs.

In the course of the debate, acknowledgment was made of the support received from the highest state- and party-organs, which made significant contributions to the development of cultural and popular-educational activities among the national minorities.

After the debate, the delegates elected the new CSEMADOK Central Committee, which subsequently selected a new president and executive secretary in a closed session. The organization re-elected Zoltan Sido, the current president of the Central Committee, and Tibor Lukacs, the executive secretary.

The Assembly modified the by-laws of CSEMADOK. The new by-laws state that CSEMADOK became an independent social organ, since it became a member of the People's Front. At the same time, it is also an independent corporate entity. In the future, it will continue its work not in local cells but in base organizations, which means that in larger communities more than one base organization may exist. The Hungarian ethnic group will have a greater representation in the elective bodies.

12588

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PPF NATIONAL COUNCIL DISCUSSES POLITICAL ISSUES

Political Reforms

Budapest HAVIAS KEMENY in Hungarian 27 Mar 67 : 3

[Article by Weyer: "On The Agenda of The People's Front Committee: The Democratic Nature of Planning, The Planning of Democracy"]

[Text] During the recent past, the strata within Hungarian society have undergone a shift that cannot be examined through the traditional class-layer approach. Today one may encounter classes and social strata in political documents, and at the same time such social groups exist in reality--and the two do not correspond. And, since the mechanism of implementing interests has not developed in reality, it is difficult to introduce a truly operative democracy on the basis of existing practices. During yesterday's meeting of the organizing and methodological committee operating under the aegis of the National Council of the Patriotic People's Front, there was a report made demonstrating the social limits on democratic practices in planning. After all, if there are no existing interest-representing bodies and the individual groups are unable to present their interests, then the democratization of planning at the national, enterprise or local level--these were the three categories designated by the PPF committee--will remain nothing more than wishful thinking or formal desire.

In addition to social limitations, the marginal effectiveness of the political system also hinders efforts to democratize the planning process. Participation in debates is restricted, conducted without those whose interests are at stake. Therefore, it would be desirable to introduce a political mechanism that would be suitable to express and openly present the various interests.

To be sure, the participation of workers in economic planning has increased, but the tendency to synchronize interests through negotiations has shown a simultaneous growth. The claim was made during the meeting of the PPF committee that the earlier practice of discussing the plan before a jury has been replaced by one of submitting the regulations to negotiation. The desirable level of proprietary interest has not been achieved through the new forms of enterprise management. Due to a continuing absence of capital ownership interests, the workers' relationship to the enterprises is still

limited to that of employees. All of the above is complicated by a very limited autonomy on the part of enterprises, and by the fact that lack of interest keeps the practice of artificially lowered production levels alive in our economic life.

The democratization of planning at the level of local councils is hindered by the extraordinary shortage of available resources. In spite of this, however, it was repeatedly proclaimed in the course of the PPF council's meeting that the democratization of planning is a fundamental requirement, and that related efforts in research, discovery and advice should be further strengthened. An outstanding task in this sphere is to provide full publicity and to interact with society at large. This calls primarily for providing the public with objective, accurate and timely information. But, as participants at yesterday's meeting pointed out, it is also important to maintain a dialogue with the public, in order to avoid the situation in which retroactive criticism of one side is answered by retroactive information from the other side.

Environmental Protection

Subject: NATURE'S RESERVE in Hungarian 27 Mar 87 p 1

[Unedited article: "Nature's Islands of Self-Regulation: PPF Forum concerning the Utilization of Nature Conservation Areas"]

[Text:] This Thursday the environmental and regional protection subcommittee of the PPF's National Council discussed the more effective utilization of nature conservation areas and natural resources.

The participants were reminded of the widely recognized importance of biospheres untouched by human activities and developed under natural conditions, and of the land and water regions supporting them. They represent islands for the survival of nature, the renewal and self-adjustment of basic life conditions. In the present area of our country, there are few such islands: 5.4 percent of the country's area is protected; the total area of the four large national parks, the 35 protected regions and 100 nature conservation areas is about 500,000 hectares.

It was also brought up in the course of discussions that efforts should be made to find opportunities for economically profitable, yet environmentally safe, agricultural and animal husbandry practices inside the nature conservation areas, close to the areas that require the most protection. At the same time—with the construction of trails and botanical teaching-displays, and the organizing of nature camps—the outer regions of the conservation areas could be made suitable to accommodate hikers and campers.

12568

CSD: 2500/313

REPRESENTATIVE SUSPENDED, IMMUNITY REVOKED

Budapest MAGYAR NEMZET in Hungarian 21 Mar 87 p 3

[Excerpt] Yesterday we published an unusual piece of news: One of our parliamentary deputies had his immunity suspended, and since that time a court has convicted him. Thus, Dr Janos Tamas was also deprived of his seat in the National Assembly. Talking to Miklos Horvath, president of the parliamentary committee on immunity and unbecoming conduct, during the intermission of this morning's session, we inquired about the lifting of immunity.

"If a deputy breaks the law, he can be taken before a court only if his immunity is revoked--unless he is caught red-handed. Of course, this privilege traditionally enjoyed by lawmakers cannot be considered a defense for criminals. If a deputy were to commit a crime, the prosecutor would turn to the president of the National Assembly, who would immediately forward the case to our committee. We invite the suspect to our hearing, examine the case and make our recommendation either to the Honored House or to the Presidential Council, which decide whether or not to suspend immunity. After this, the road is open for police or court procedures to begin. By suspending immunity, we also protect the deputy in question, because an investigation can also serve to prove his innocence."

"Could it happen that someone's immunity is not suspended [even after such is requested]?"

"It is conceivable. Obviously, all depends on the given case."

"Do you recall a similar case?"

"Yes, there was a similar case sometime during the 1960s . . ."

(As we all know, the former director of the Water and Thermal Bath Enterprise of Debrecen--together with 12 other persons accused in the case--embezzled almost 5 million forints. While he was a prestigious high-ranking manager, he enjoyed all of the requisite privileges: he received a great many citations and awards. His constituents could have scarcely suspected (?) that while they cast their ballots on his behalf, the office under his management issued money to various water- and utility-companies, only to take back the money, saying that the vouchers were faulty. To this day it has not been cleared up, what happened with all that money? But one thing is certain, much of it was spent on having a good time. The accused lived it up and travelled to such places as Vienna, Paris, Rome and the Canary Islands.)

PRIVATE THEATER DEDICATED: BEREZ SETS LIMITS ON POLICY

Budapest ELET ES IRODALOM in Hungarian 17 Apr 87 p 6

[Speech given by Janos Berecz, MSZMP CC Secretary at the dedication ceremonies of the new Yurt Theater in Budapest's People's Park, held on 10 April 1987; picture is from Budapest ESTI HIRLAP 9 Apr 87, p 1]

[Text] It is one of those rare but elevating moments when a new theater opens somewhere. It is with extraordinary emotion that we enter among these newly erected walls into this world having a special atmosphere, where we expect the lamps to go out, the klieg-lights to be turned on, and we can give our attention, child-like, to the magic brought before us. The magic of the art of writers, poets and composers transports us deep into thought, makes us think or provide release, and when we leave the theater, we feel richer and more complete.

To tell the truth, during recent years we mostly renovated our theaters, and it was rare to be given the opportunity to open an entirely new theater. Perhaps this is the reason, perhaps something else, but I feel that this is more than simply a joyous occasion in the theatrical, artistic, or--in the broader sense--cultural life of our country. In opening this theater today, we must praise in it the manifestation of creative human energy, the spirit and the hand of creative man. For this theater--which the people of this capital city symbolically accept today here in the People's Park, where once the midway stood and the poor looked for cheap amusement--was created through their joint effort.

Human creativity erected a striking group of buildings here in fourteen months. Some of us may smirk at this, but the designers and builders of this facility undeniably deserved the special performance put on in their honor this afternoon by those who will be called upon daily to give this house content. We too recognize their accomplishment at this time. But another creative factor can also be recognized, one without which all this might not have been realized. I am talking about the creative spirit. We owe it to the courage and enterprise of several enthusiastic, though not always easy-going, people that today we can be here at the dedication of the so-called Yurt Theater of the Hungarian Playhouse. The country's cultural leadership paid close attention to this development. But, as they say, burden makes the tree grow taller.

Birth is a painful, not always understandable and often unclear procedure. Even the father may not be happy with the newborn; there may be too many mysteries about the birth, complications may arise, and things may even be misinterpreted. Yes, all of these are possible. But the fact remains that a new theater was born. Its creators formed a mini-cooperative and undertook--using income from their earlier performances along with bank loans--to put up the capital guaranteeing the creation and maintenance of this theater. As a result, the enterprise gained an attractive new home, even though in the course of building it, the members' clothes may have become soiled and their shoes were not always shiny.

Today's opening proclaims the success of a new approach: we are in the first theater of this city, and of the entire country, that was built with private resources.

Far be it from me to say that this should be the only, or generally applied, method to be used in the future. But this is a noteworthy and laudable example. Because--provided, of course, that the standard of performances will be high--the existence or non-existence of this theater may also direct attention to other questions: Are the other theaters, operating with sizeable state subsidies, organized in the modern way; are they able to accommodate the new economic realities? It may be that this new theater and its company will contribute to the development of more modern and more economical cultural organizations. Because--without reviving the debate as to "Is culture a commodity?"--we must declare one thing: Independent initiatives aimed at introducing incentives and economic factors cannot be considered entirely separate from culture and cultural life. At the same time, this enterprise cannot avoid being a part of a certain process: During recent years we have witnessed increasing demands for more autonomy by creative workshops and cultural institutions, and in certain locations, such autonomy has in fact increased. In the same period, there have been more frequent calls for starting independent bodies and associations. This process reflects the process of democratization that is taking place in society and in cultural life alike. As I mentioned, this process--provided it is suitably employed, at a desirable level of quality and coupled with social responsibility--could bring about a more effective dissemination of culture and popular education, by broadening and making more colorful the scale of cultural offerings. Naturally, this must be done in coordination with our general principles, our shared intellectual efforts and our cultural policies.

I wish to include the developing activities of the Hungarian Playhouse in this process. I refer to them as developing, because a few years ago, among the uncertainties and confusion of their early period, they occasionally took an approach of questionable taste in order to attract an audience. By now they have progressed beyond this, as was demonstrated by a number of their good performances and their choice of program. The outstanding stations of their recent activities are exemplified by such works as the historical drama written by Geza Paskandy and Istvan Nemeskurty, a selection from the correspondence of Petofi and Arany, titled "Lamp-Light," which was also successful among Hungarians living abroad, or the stage version of Andras Suto's "Fig-Tree of Nagyenyed." Of course, these performances were

accompanied by a certain anxiety, or perhaps healthy fear, concerning the reviving disease of nationalism. But it is time to go beyond this: We must not allow ourselves to be paralyzed by fear. We have pure emotions: We are building on our Hungarianness, we have faith in the maturity of our people, and we identify ourselves with the spirit of socialist internationalism and solidarity. The program of this theatre must reflect these convictions.

As far as I know, plans for future programs are just now being made. A great amount of responsibility is piled for in making those plans. However, the basic concept is already visible. According to it, in addition to performing the classics, this theater will take on the mission of serving as the podium for contemporary Hungarian literature, and will do this, in the words of the poet Gyula Illyes, as a "five-piped instrument," meaning that they will present not only works from within the borders but also those produced by writers living in neighboring countries. It is important for every pipe in this instrument to sound harmonically and with proper force. This theatre intends to become the modest forum for the shared literary thinking of all Hungarians, to fulfill the function of a bridge between Hungarians living in various countries, as well as between other peoples. This intention is respectable and undeniably useful but insufficient by itself. The repertoire must be broadened to include outstanding works from the friendly nations that live all around the Hungarians. The friendship of peoples is not born by itself, and nurturing it takes on a particularly great importance in this extremely fragmented region. This is why promoting the literature of ethnic Hungarians must be accomplished in such a manner so that this should not insult other peoples, should not be directed against any ethnic groups, but should nurture our contacts. This suits our principles, our ideals and our interests. We hope and trust that this theatre will act accordingly.

In their endeavor to further develop Hungary's literary and theatrical culture, and to serve the cause of modern theatre by taking on brave and complicated tasks, I wish the company of the Hungarian Playhouse much success, good performances, and a grateful audience.



PHOTO CAPTION

The first performance will soon be held at the newest theatre of the capital city, the Hungarian Playhouse's Yurt Theater, which was recently completed in the People's Park. The spectacularly and innovatively developed facility will also offer exhibits and other programs to visitors.

13201

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SUCCESSFUL ROCK COMPOSER DESCRIBES CENSORSHIP

Budapest MAGYAR IFJUSAG in Hungarian 13 Mar 87 p 32

[Interview with Janos Brody, rock guitarist and lyrical composer for the controversial Hungarian rock opera "Stephen the King," by Gyorgy Mola.]

[Question] How often, and under what conditions, did they ban your songs?

[Answer] In the course of our story, it has occurred several times that either some of my songs, my group, or I myself were banned. In the far-distant past, it was the so-called Committee of Chansons that was our "office of censorship." Their stamp of approval was required before we could perform a song anywhere. They were afraid of everything and were especially alert in "protecting" society and traditional dance music from us, on political and moral grounds. We used the pun "Committee of Chain-Songs" for them, and their most characteristic reason for rejecting a song was: "This work is unacceptable, because it is not optimistic enough." The Hungarian Record Manufacturing Enterprise was very progressive in the early days; it recorded a great many songs that were later rejected either by the above Committee or Hungarian Radio. What this meant was that the songs appeared as records, but the Radio never broadcast them. By the way, for a long time Hungarian Television used to be the strictest of all.

[Question] What percentage of your long-playing albums were never broadcast over the air?

[Answer] Usually about half of the songs. However, this had a certain signalling value: after a while one develops a kind of self-control or, to be more precise, a defense against wasting one's efforts. Of course, at the same time I also worry that perhaps this increased self-control keeps me from taking advantage of every possibility. Thus, I would be despondent if the Radio decided to broadcast all of my songs. So far this has not happened.

[Question] The other group of banned songs is best exemplified by the retroactive banning of Zsuzsa Koncz's fifth album, which occurred in the early 1970s.

[Answer] The album was recorded in 1973, and the song titled "If I Were A Rose" was used as a pretext for the ban, with the real reason being, in my

view, that those were the times when anti-reform political trends were increasing in strength. This was indicated by the fact that the Radio classified the entire album as unsuitable for broadcast. We have never received any official notification about this, but I have heard that officials at the Radio even denounced the album to higher party functionaries. It is said that the party took disciplinary measures, and of course the album was removed from commercial circulation.

[Question] Was this the most extreme case?

[Answer] As far as text goes, yes. But another kind of ban is represented by the case of Szorenyi's album titled "Trip," when someone found out that the title could refer to drugs, and the cover was also supposed to strengthen this allusion. So they sent every album to the recycling mill. We had encountered a milder form of this reaction earlier, in connection with one of the Illes' albums. The album cover depicted a package, and at the last minute someone noticed that the package was tied up with a red-white-and-green string. As a result, they ordered the graphic artist to touch up the string with a lilac-colored pen By the way, any mention of the colors red-white-and-green still makes every institution nervous: A line from the song "Illusionist" on my most recent album fell victim to this.

[Question] How can one defend against this?

[Answer] One defense, for example, is that the lines inserted in order to satisfy the requirements appear only on the records; I never even learn them, so at my concerts I only remember the original lines. In any event, I am convinced that if a song is about anything worthwhile, changing a few words will not ruin it.

[Question] So the whole thing is this simple? And what will happen to the record made at your concert?

[Answer] This is just what caused problems concerning the 1981 concert of the Illes group. We sang four songs--"National Song," "Europe Is Silent," "If I Were A Rose," and "March 1848"--which had not been allowed to be recorded earlier. Levente wanted to include "Europe Is Silent" on his 1980 album, but they allowed only the instrumental version to be included. As for "March 1848," we had to filter out the audience reaction, and "If I Were A Rose" still could not appear on this album. Many people noticed this, because it was the high point of the concert that--due to the sudden illness of Zsuzsa Koncz--I sang that song, and this appeared in the film, which was seen by more than a million people. It is generally true that filmmakers are more courageous than others; we performed in films several of our songs that were not performed elsewhere. The most characteristic example of this was "Why Did We Let It Happen This Way?", which we performed in Gyorgy Revesz' detective film "The Lion Is Ready To Pounce."

In any event, the above hassles caused the misprint according to which I wrote the "National Song". . . . This was probably the result of soul-searching on the part of the authorities: They must have felt that they should not object to a poem that was written by [the great nineteenth-century national poet,

Sandor] Petofi and figured that if the song were objected to, then it must have been written by me, instead of Petofi

[Question] Do you have songs without happy endings, that you keep in your desk drawer? I suspect those were the ones we heard recently in the Radio's Cabaret program.

[Answer] I confess that I make every effort to bring my songs out before the public. In order to accomplish this, I am quite willing to make far-reaching compromises, especially if the music was not written by me. Still, there are limits. When I was making the album "The Present Age," one of the songs to be included was titled "The Flood." After I had rewritten almost everything, the Comrade Director asked me to omit the word "Flood" from the title and the refrain and to replace it with the prosodically equivalent "Thaw." I rewrote the lyrics, but the text made so little sense then, that in the end we omitted the song. My song "Don't Wait For May" was going to be on my first solo album, but the Radio would not hear of it. Not much later, [the singer] Zoran asked me to write a song for one of his albums; since he was recording it with the Radio, I thought that the same song would be allowed to pass: Sure enough, that was what happened, and only one stanza was cut. As for my most recent album, two songs were cut. To my great joy, the Radio Cabaret was willing to broadcast one of them. True, later they asked me whether I would object if they aired one of them in an abbreviated version during the New Year's Eve program. What could I do?

13201

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YOUTH AFFAIRS MINISTER ON YOUTH APATHY, JOBS, GOALS

Warsaw PERSPEKTYWY in Polish No 14, 3 Apr 86 p 15

[Interview by Darinsz Liwanowski: "Rebels or Conservatives?"]

[Text] The current younger generation is growing up in difficult times of economic troubles and a shaken system of values, and is making an effort to strive for its own place in society. We talked with youth affairs minister Aleksander Kwasniewski on young people's problems in starting out in life and their chances.

[PERSPEKTYWY] Problems of the younger generation have been threshed out continually for years, so what can the youth affairs minister do to solve them?

[Aleksander Kwasniewski] To begin with, an explanation. The minister, a member of the Council of Ministers, and the Office of Youth Affairs, which he directs, comprise the executive body of the Council of Ministers Committee on Youth Affairs. So, not having the authority to carry out an independent policy, his role is the coordination of all activities of state administration, individual agencies, and state organizations, which in this or that way influence the living conditions of the younger generation.

[Question] In a young person facing concrete life problems, the word "coordination" arouses distrust instead.

[Answer] It is true that coordination is associated with the stereotype of a bureaucratic game of appearances: he coordinates, which means he doesn't do anything. I hope that we will not give young people a reason to pin such an unflattering label on us. We are governed closely by explicit goals. Problems of successive generations are a product of the times and political and economic processes. Isolating them, making attempts at decisions to detach them from the rest, would be a policy of delusions. On this basis, moreover, two opinions clashed. The first of these was attributed to the allegation that troubles with the younger generation will disappear with elimination of deficiencies in the state mechanism, in connection with which there is no need for institutional division of society according to age. However, the second opinion

prevailed, that policy on youth be given concrete expression. Its principles were most fully defined at the PZPR Central Committee 9th Plenum in July 1982. In this same year a government program was undertaken to improve the conditions for starting out in life for the younger generation. Nearly 200 tasks were divided up then among individual agencies. Keeping watch over all pertains to the competence of the youth affairs minister. The government report on living conditions of the younger generation is a type of inventory of 3 years' accomplishments. On 5 January we discussed it at a meeting of the Council of Ministers Presidium. It is a straightforward and comprehensive monograph over 150 pages long embracing all areas of life of the younger generation.

[Question] What is the outcome of this report?

[Answer] The 1982 government program certainly did not measure up to the needs and aspirations of youth. It was faulted for minimalism and lack of opportunity to be aware of the discouragement and disappointment in the hopes of the generation. The programs really did not entrance one with loud promises—it was pragmatic and solidly established in the economic realities of the time. And from this point of view not much was changed: as long as the country does not extricate itself from economic troubles, the youth will share them with all society. Then in spite of progress in many areas, the disproportion between expectations and objective opportunities for satisfying them is maintained. However, through these years possibilities were created affording opportunities and guarantees of success to these young people, who take their lives seriously and follow it up with concrete personal involvement; in other words, they simply try to make something of their lives. The new government program, which we are discussing at present with youth organizations, anticipates making upcoming decisions until 1990 and resolution of the fundamental problems of the younger generation, beginning with the economic and apartment situation, through conditions for beginning a trade and a system for promoting highly talented youth, and finishing with health protection and preventive treatments, counteraction against drug addiction and alcoholism, and the creation of opportunities for cultural activity and conditions for sports practice and rest for youth.

[Question] Doesn't that system of guarantees seem like a continual system of good intentions, of "paper reality," rich in resolutions and documents?

[Answer] The example of apartment construction gives an idea of the scale of the problems we're tackling. Difficulties in satisfying the needs in this area do not mean, however, that the government makes resolutions without coverage. After all, voivodships exist in which the authorities can assure youth cooperatives of space and construction materials. If this is backed by long-term credits, then many young people could succeed in having their own roof over their heads. It is true that in many groups there is a comfortable conviction that matters would be settled when a meeting was convened on their subject, and

when a resolution was passed or a decision was made. But on the other hand, if we negotiate it at the central level so that a youth cooperative could be supplied according to the same principles as a large apartment cooperative, then this would not be equivalent to our obligation to look after the distribution of construction materials. We are in no condition to do this. This falls on the shoulders of the local administration and of the interested cooperative or youth organization, which should intervene in case of disregard for binding settlements. In successive meetings, the Council of Ministers Committee on Youth Affairs returns to various matters, but from fairly statistical summary information, rarely when it can learn of encounters in the area. Representatives of the local administration and members of a cooperative must settle things among themselves. The same may be said of the so-called youth law, which by the initiative of youth organizations was passed by the Sejm 22 May 1986 and for which executive acts were issued in January. It clears the field for action, puts the legal sphere in order, and binds institutions to help and support youth initiatives, but it is much more successful in fulfilling a concrete purpose, and depends on daily practice and activity by those interested. Many communities have not overcome distrust and do not believe that their expectations could take real shape. One of our tasks is to prove that since times have changed, the mentality must change, too.

[Question] Will the generation of disappointed and indifferent young people, who are fleeing into the private sector, find sufficient encouragement in the law for being active and involved in public affairs?

[Answer] We were accustomed to tossing the whole generation of youth with their system of expectations and values into one bag. Groups, splinters, and whole communities of youth having various identities and beliefs and also with economic problems of varying magnitude found their way into it. It's true that one may speak of a certain generational orientation, but not of a common, identical aspect. And so some classify Polish youth of the eighties as passive, without ideology, and having a consumer's attitude towards life and the world. To be sure, some of them negate the sense of social commitment, but there are those who show exceptional activity. The main goal of the law was the setting up of legal-organizational conditions which would create chances for activity by these same most active ones. Besides, sooner or later each must take his fate into his own hands, independently of what kind of hairstyle he wears or what idols he pursues.

Youth, as a weak social group and inactive professionally or just beginning work, fell first victim to the crisis and is recovering its balance with difficulty. Of course, this does not apply to all. Indeed, some young people are entering adulthood supported by their parents, and some (not many, to be sure) even are starting out with their own apartment. However, we calculate that 30 percent do not have any assistance and no one is entirely on his own. From sociological research we know that 60 percent of the young put a happy family life in first place in their

hierarchy of life goals. It's clear that it is difficult to imagine this without the corresponding material standard, and thus without a lot of vocational activity. Nearly 40 percent of those studied are counting on work that is interesting and in accord with their interests. And there are other facts: many youth apartment and production cooperatives and economic groups are being formed. I believe that all this disproves the theory on the passivity of the young.

[Question] How does the vocational adaptation of youth look?

[Answer] It is closely connected with individual attributes such as professional competence and a creative approach to work. The young often present conservative attitudes along side all their external rebelliousness and critical dissatisfaction. There is too little innovativeness and too few proposals for new solutions and fresh ideas. Entering a new environment, at the work place, they present in general a spirit of conciliation and acceptance of existing conditions. Their criticism generally is not supported by a proposal for changes and concrete solutions. On the other hand, an employer as a rule is indifferent toward young specialists, or else they are an inconvenience for him: they want too much, talk too much, and thus he relegates them to unimportant jobs. This in turn gives rise to bitterness, frustration, and discouragement. We add to this a mistaken idea of the professional worth of people, obstinately suffering as if to spite the principles of the new personnel policy. The element of time, work training period, and so-called social justice continues to be placed before professional competence and natural qualities of the young age. Spasmodically holding on to this procedure obstructs the movement of the economy. It is rare that a young professional under 40 takes over leadership of an establishment, although research shows that the highest efficiency is attained by a manager between 35 and 45. All this calls for changes. I believe that they will occur, but it is necessary to begin with revision of the system of education and upbringing.

[Question] A person under 30 attaining a minister's portfolio is an example of undoubted professional success. I am interested as to what recipe for success you would give young people.

[Answer] I don't have such a recipe. I can say only what, from my point of view, comprises it. Now, environment and conditions certainly play an important role, but the final result depends chiefly on individual commitment and concrete work outlay. In my observations, many young people enter adulthood and thus professional life very carefully and quite shyly. Here there is a place for thinking about any success whatsoever, not only personal success. It is also necessary to create one's own chance for success.

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DEPUTY VOIVODS CONFER ON INTEGRATION OF YOUTH GROUPS

Warsaw KIECZPOSPOLITA in Polish 25 Mar 87 pp 1, 5

[Article: "Youth Participation in the Nation's Life"]

[Text] (C.) Conditions for the effective solution of the often urgent problems of young Poles include the integration of the activities of all cells involved with youth affairs. This is one of the conclusions drawn at the deputy voivods' conference of chairmen of voivodship committees for youth affairs, which met in Warsaw 24 March.

The conference, which was conducted by vice-premier Zbigniew Gertych and youth affairs minister Aleksander Rasmowski, involved acquainting the deputy voivods with tasks imposed on the administration by the Law on principles for participation of youth in the state, social, economic, and cultural life of the country, and also with the resolutions of the January meeting of the Government Presidium, at which the problems of youth were an item on the conference agenda.

The youth law, stated both members of the government, will not change the main foundations of the youth policy: creation of conditions for activity by the young, support of their initiatives, and breaking down the often bureaucratic barriers encountered by youth and their organizations. The report on the state of Polish youth with which the deputy voivods familiarized themselves describes the growth of this activity and of new youth initiatives, especially in construction and farming. However, it also illustrates that there exists a gap between the expectations and aspirations of young people and their degree of satisfaction. This concerns chiefly the questions of apartments and the material situation of young families and of those holding jobs for the first time. The conclusions drawn from reading this report demand a detailed analysis, and not only from representatives of the administration. For example, CBOS research shows that 37 percent of young Poles completing high school see no developmental perspectives for themselves. This is an important signal, to which attention must be paid.

On the other hand, what has resulted from the youth law provisions? Minister A. Rasmowski indicated the consequences of two regulations in particular. The first concerns voicing an opinion on legal acts

concerning youth affairs through youth organizations. This imposes an obligation on the administrative bodies to present drafts of these acts to youth organizations. Voluntary committees on youth affairs have an important role in implementing the process of expressing opinions. The second provision concerns the State Youth Fund [FYM] and the particular obligations of unions in creating provincial funds and calling FYM councils together.

Also discussed was the most important problem for the young: apartments.

During the conference preparations for summer vacations of children and youth were discussed, including an exchange with the GDR. Intergovernment agreements expand the scope of its forms for e.g., thematic or linguistic camps, exchange of trade-school students, etc.

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INTERNAL AFFAIRS, JUSTICE GROUPS ON JUVENILE SOCIAL PROBLEMS

Warsaw RZECZPOSPOLITA in Polish 28-29 Mar 87 p 7

[Text] (Inf. wl.) (C.) It will soon be 4 years since the law on procedure in juvenile matters came into force. Do the regulations contained in it function properly? How will it be possible to evaluate the implementation of its provisions after a few years? This was discussed by deputies on 27 March at a meeting of the Internal Affairs and Justice Administration Commission.

Summing up the implementation of the law, Jozef Musiol, vice-minister of justice, said that 28,000 cases involving juveniles were brought to court. Most--22,000--were for punishable actions they had committed, whereas the rest were for displays of demoralization. The fuller use of the new educational resources introduced by the law merits emphasizing. However, the provision contained in the regulations for disciplining parents and notifying workplaces of children's improper upbringing is still not duly appreciated.

In Poland 61 diagnostic-consulting centers are already operating. Their work mainly consists in becoming aware of the living conditions of a juvenile and the environment in which he resides. They lend assistance to parents. In the next few years another 17 will open. The curatorial centers for work with youth are equally important for the whole resocialization process. There are 488 of them in operation. They help in making up unaccomplished school work and take care of children from the most demoralized families.

During the last few years there was no decrease in the number of endangered youth, stated General Zbigniew Pudysz, vice-minister for internal affairs. Unfortunately, juveniles more and more often commit acts recognized as being especially severe. In 1986 juveniles were perpetrators of 4 murders, 167 rapes, and over 2,000 robberies. At this time there were over 101,000 young people of concern to the police. More than half were in the so-called endangered group or living in a demoralized or criminogenic environment.

Among the problems discussed, the deputies turned their attention to the disquieting growth of crime among the youngest. About 300,000 children are included in this broadly-understood educational activity, and there

are nearly a million in the endangered group, so it is necessary to pay close attention to preventive measures and counteraction against perpetration of prohibited acts. Better implementation of the provisions of the law may be attained by suppressing the dispersal of institutions lending aid, especially financial. Lack of united action by guardians is just the reason why this aid does not reach everyone.

The deputies also turned their attention to the necessity for taking educational action more widely through schools. A strained program of teaching arose because schools placed the major emphasis on acquiring knowledge and less on upbringing. However, parents and guardians bear the greatest responsibility for correctly shaping a child's psyche. For a youth is not fully equipped for independent life and making important decisions. Hence the necessity to apply the measures for disciplining parents contained in the law on procedure in juvenile affairs.

These deputies participated in the discussion: Mieczyslaw Bandurka (SD), Zofia Kaczor (no party affiliation), Jozefa Palmowska (PZPR), Tadeusz Rostkowski (PZPR), Edmund Skoczylas (PZPR), Anna Staruch (PZPR), Jerzy Wojciak (SD), Emilia Wcislo (SD), Emilia Pogonowska-Jucha (ZSL), and Stanislaw Zelichowski (ZSL).

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PZPR PROPAGANDA DEPARTMENT ON POP MEDIA ROLE

Warsaw TRYBUNA LUDU in Polish 27 Mar 87 p 2

[Article by Anna Pawlowska: "From Central Committee Commission Work: The Voice of the POP in Matters of Better Propaganda"]

[Text] The value of our discussion is that we looked at these same matters from various sides, said Central Committee Propaganda Commission chairman Jan Glowczyk in his concluding remarks.

And indeed, the reason for the exchange of opinions on 25 March was the elaboration of proposals from POP [Primary Party Organization] editorials on forms and methods of propagandistic action, and in the exchange of views during the meeting three sets of opinions were clearly defined: professorial (Czeslaw Mojsiewicz, Zenobiusz Kozik, Janusz Reykowski), journalistic (Slawomir Tabkowski, Jozef Krolikowski, Krzysztof Mikolajczyk, Jerzy Majka, Ryszard Lukasiewicz, Janusz Roszkowski, Norbert Krawczyk, and Jerzy Fiedosiejew) and "functional-party" (Julian Kraus and Leszek Miller). The military side was represented by General Zdzislaw Rozbicki.

It is fitting to note at least one idea very important for the future from the statement of Central Committee Propaganda Department chairman Jozef Barecki: the desire for joint activity of the department with POP journalists to raise the level of journalistic work and the position of journalists in society.

In discussions it was noted that problems disclosed at party meetings in editorial offices are not, in spite of appearances, exclusively environmental problems. For the attitude toward criticism is a matter that is social in the broadest sense of the word, as are accountability for the work disseminated by mass media, the level of technical equipment in these media, the character of their links with consumers, and finally the intellectual and moral maturity of people who, on account of their profession, have the opportunity to speak to millions.

An important trend in the discussions was the position and rank of POP in editorial staffs. The opinion of one of the speakers that "with a strong editor-in-chief, POP was a nonessential addition" was emphatically

denied. But both editors-in-chief and non-functioning journalists spoke out. Among other things, they spoke of the growth in editorial staffs' expectations concerning POP, of the controversial appearance of the positions of POP and an editor-in-chief ("the same thing needs to be done, only by different methods"), and of the obligation for party action on groups.

Another subject, perhaps too weakly defined, was the relationship between party administrative channels and their press. So the "eternal" problem of good manners of some publications came up again: do the authorities want it, or do journalists also like it, or perhaps both. At the motion of one of the participants in the discussion, the commission decided to make these observations and conclusions from POP meetings which touch on the nature of party press links with administrative channels available to all in the Provincial Committee.

In conjunction with critical observations, the basis for an opinion on organizational structures and certificates in editorial offices was also discussed. The Central Committee secretary stated that as a result, a system should arise which facilitates a healthy movement of personnel and preference for the best, and opens the way for young people. He also gave information on the progress of work on journalists' collective pay system and on a prepared speech in the matter of the newsprint shortage.

An opinion delineated in the flow of discussion concerning the effectiveness of criticism of the press can be summarized thus: there should be reliable documentation of objections and the outcome of demands for responses with awareness, but it is noted that examination of every matter, marking all dodges, and organization in this key matter of the broad social front take time.

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PZPR CLAIMS VICTORY IN HANDLING LOCAL HOUSING CONTROVERSY

Warsaw TRYBUNA LUDU in Polish 25 Mar 87 p 2

[Article by Jan Rutkowski: "The Party Says No! in 'Cieszynianka' Favoritism is Finished"]

[Text] The affair which I wish to present here already has its epilogue. Party support for the president and deputy presidents of the Cieszynianka Housing Cooperative in Cieszyn was withdrawn.

In the opinion of the PZPR Urban Committee executive body, they lost their ability to lead the cooperative. At a meeting of the Cieszynianka board of directors which dealt with the situation, the president and two of his deputies tendered their resignations from their posts.

At present Cieszynianka already has a new president. The party gave him the task of straightening out the muddled affairs of the cooperative. It was strongly recommended to the party members belonging to the cooperative's board of directors that they form a group which would in the future find a solution to the burning problem of housing in a city in which normally one waits 12 years and more for an allocation, and which would proceed according to accepted legal norms and a feeling of social justice.

Protests from inhabitants directed to the party's administrative channels, among others, showed that this had not occurred in Cieszynianka up until then. Just the opposite--the Worker-Peasant Inspectorate conducted here last September confirmed all the objections.

The facts were frankly compromising. Among other things, it was discovered that during the period from 1 January to 12 September last year alone, a full housing deposit was collected from 77 individuals who were accepted as members of the cooperative, of which 49 received housing allotments that very same year. If such a short waiting period for housing during the membership term in this cooperative could be considered normal, it would not be a problem. However, in the allocation "tail" there remain those, as usual, to whom these rightly belong, the members waiting legally for housing since 1975, often in difficult circumstances.

The IRCh [Worker-Peasant Inspectorate] informed the Urban Committee of the discovery of these facts. This thorny subject was not avoided in the materials for the PZPR urban reporting-electoral conference being prepared for at that time; on the contrary, there was an obligation to bring the matter to a close. In the Urban Committee's report it was mentioned that the voivodship branch of the NIK [Chief Board of Supervision] delegation for IRCh matters appeared before the Cieszynianka board of directors with a motion for relieving the president of the cooperative's management of his position and extending the appropriate service responsibilities to his deputies for housing administration matters.

"Several of those punished are accusing us of being too severe," said the PZPR Urban Committee secretary in Cieszyn, Wladyslaw Piotrowski. However, the entire urban organization took the position from the beginning that we can't close our eyes to flagrant injustice, favoritism, abuse of positions and powers, and breaking a compulsory law. I and the entire urban organization say that this matter should be raised at all POP [Primary Party Organization] meetings in Cieszyn establishments, and also at the city party conference.

Now that we have brought it consistently to a close without any insinuations, we feel something like relief that this is already behind us. The stage of settling accounts has ended. Now we must, as an urban administrative department, do all we can to ensure that history does not repeat itself.

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STATISTICS ON PZPR WORKING CLASS MEMBERSHIP

Warsaw TRYBUNA LUDU in Polish 30 Apr - 1 May 87 p 4

[Unattributed article: "The Party With the Workers, the Workers With the Party"]

[Text] "The Working class as the leading force of the nation must in the full sense of this word feel itself to be the master of its native country. This is the fundamental principle and the most important requirement of socialism. The process of its realization can be defined according to the following questions in the spirit of today's discussion: How will we increase worker influence on management and government? How can we strengthen the role of workers in production and management and make the efforts of the individual worker, brigades and work crews economically tangible for them? How can we fully realize the principle of social fairness? How can we reinforce and develop the working class's feeling of dignity and its self-awareness and intensify its social and cultural advancement? The role of the working class will not be strengthened at the cost of other classes of working people. The knowledgeable worker is alien to class egotism".

— From a speech by Wojciech Jaruzelski at the conclusion of the 16th Plenum of the PZPR Central Committee, 1984.

Political Representation

How is the working class politically represented at various levels and types of authority? Let us start with our own party.

According to the Statistical Yearbook, on 31 December 1984, 814,567 workers (including 57,288 agricultural workers) were members of the PZPR. Therefore, 38.5 percent of the total party membership was working class.

Among the delegates to the 10th PZPR Congress, there were 735 workers, 126 of which were members of the Central Committee and Central Audit and Review Commission [AKR] and three of which joined the Politburo. According to an analysis by Doctor Pawel Gierogice of the PZPR Social Sciences Academy's

Institute of Working Class Studies, this is the first time since 1948 that working class membership has been this high.

The 10th Party Congress was a critical moment not because of any special crisis but because of the magnitude of working class representation measured in terms of three factors: the percentage of workers in the party (38.5 percent), the number of worker-delegates to the congress (41 percent) and the percentage of workers in the central party apparatus (37 percent). We must add that these figures were no coincidence.

For comparison, about 40 percent of workers belonged to the PZPR in 1963, 31 percent of the delegates to the 4th Congress were workers and 5 percent of the Central Committee members were workers.

The Sejm: Out of 460 deputies elected to the 9th Sejm, 158 of them had working-class backgrounds and 106 were directly employed in production work.

The people's councils elected in 1984: 954 of the 7040 people's council members elected in 1984 were workers and 86 were agricultural workers. In the primary-level people's councils, 12,232 out of 103,288 members were workers and 2154 were agricultural workers. This means that workers in various branches of industry constitute 13.6 percent of all members of primary-level provincial people's councils.

Worker self-management: Studies have shown that these organs are especially trusted by workers. The Statistical Yearbook shows that in 1985, there were 6387 worker self-management organs in state-owned industrial production enterprises. They included 131,816 members, 72,699 of which were workers.

The Largest

The Statistical Yearbook also shows that in 1985, 7,546,100 persons or 64.6 percent of all employees were employed in blue-collar jobs at state-owned enterprises.

Some 6,704,100 persons were employed at blue-collar jobs in material production and this figure breaks down into the following categories and numbers: 3,503,800 in industry, 810,200 in construction, 597,800 in agriculture, 114,400 in forestry, 594,000 in trade, 266,700 in communal management and 841,400 in non-production fields such as housing management, science, education, culture and health care.

Education

The fully employed employees of state enterprises in 1985 included 1,057,000 persons with higher educations, 2,630,800 persons with middle school and vocational educations and 2,990,700 persons with primary vocational educations.

Out of the 7,507,400 persons employed at blue-collar jobs in 1983 (with 1977 figures in parentheses), 1.9 percent (4.1 percent) had secondary and vocational educations, 1.7 percent (1.2 percent) had general secondary educations, 34.5 percent (28.5 percent) had primary vocational educations, 50.4 percent (55.9 percent) had completed primary educations and 5.1 percent (10.3 percent) had not completed primary educations.

Therefore, the level of education of blue-collar workers has continually risen.

According to 1983 data, the highest levels of worker education (secondary and vocational education) were found among precision workers (21.2 percent), electrical and electronic workers (15.0 percent), mechanics (12.5 percent), steel-workers (8.1 percent), miners (7.8 percent), chemical workers (7.6 percent) and metal-industry workers (6.1 percent).

By professions, the overall level of secondary education was 5.3 percent for precision-industry workers, 2.0 percent for chemical workers, 1.5 percent for steelworkers, 1.2 percent for electrical and electronics workers and 1.0 percent for miners.

Workers with primary vocational educations were the most numerous professional group and amounted to 51.7 percent for metalworkers, 50.2 percent for electrical and electronics workers and 47.7 percent for mechanics. the lowest figures were 28.6 percent for steelworkers and 24.8 percent for chemical workers.

This information was found in the 1986 Statistical Yearbook.

In the Working-Class Household

According to the 1986 Statistical Yearbook, 11,474 households were studied in the preceding year. The average number of persons per household was 3.68 in blue-collar families, 4.59 in worker-peasant families and 3.19 in nonworking-class families.

In 1985, the average monthly per-capita income was 11,874 zlotys in working-class families, 14,610 in nonworking-class families and 12,692 zlotys in worker-peasant families.

These differences can chiefly be attributed to the number of persons per family in relation to the number of persons working.

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CSO: 2600/616

PARTY ACTIVITIES CALENDAR 30 MARCH-12 APRIL 1987

Warsaw ZYCIE PARTII in Polish No 8, 22 Apr 87 p 21

[Text] Central Committee Politburo Meetings

7 April—The Politburo discussed the socioeconomic and organizational-material situation in colleges and establishment of a review of structures in the systems of science and national education.

—The outline of a program of actions for improving the level of sanitation in the country was introduced.

—It was decided to turn to the public with an appeal for participation in Civic Social Action Week.

12 April—The Politburo announced an appeal for participation in the 1 May civic social action from 25 to 30 April.

PZPR Central Committee Secretariat Meetings

31 March—The PZPR Central Committee Secretariat met with representatives of government leadership and several representatives from the PZPR Voivodship Committee.

—Motions resulting from the current socioeconomic situation aimed at advancing the second stage of economic reform were adopted.

PZPR-ZSL-SD Joint Action Central Commission Meeting

8 April—The PZPR-ZSL-SD Joint Action Central Commission met with the remaining signatories of the PRON declaration. The PZPR was represented at the meeting by: Wojciech Jaruzelski, Kazimierz Barcikowski, Jozef Czyrek, Tadeusz Porebski, and Marian Wozniak. Proposed actions for streamlining state socialist functioning were discussed, and in particular advancement of the review of the structures and certificates of work positions. Problems associated with introducing the second stage of economic reform were reviewed. Information on the activities of the signatories of the PRON declaration before its second congress was accepted.

Conferences and Meetings

31 March--A meeting with the Presidium of the National Council of Printing Industry Workers Trade Union took place in the Central Committee Cultural Branch. Current problems in implementing the program for development and modernization of printing were discussed. The meeting was conducted by the director of the Central Committee Cultural Branch, Tadeusz Sawic.

2 April--On the 40th anniversary of NOWE DROGI a special meeting of the editorial staff and members of the periodical's editorial council and activists from the party's theoretical and ideological front took place. Members of party and government leadership also participated in the meeting: Jozef Cryrek, Jan Glowczyk, Andrzej Wasilewski, and Wladyslaw Owiana. Jozef Cryrek offered anniversary congratulations and wishes to the group and collaborators.

--The joint PZPR Central Committee and ZSL Chief Committee lectorship on world-outlook attitudes of Polish society met. The meeting was conducted by Wl. Loranc, director of the Central Committee Ideological Branch, and A. Luczka, director of the ZSL Chief Committee Ideology, Press, and Propaganda Branch.

4 April--Politburo deputy and Central Committee secretary Zbigniew Michalek presented current problems of Polish agriculture at a plenary meeting of the ZMW national Directorate in Warsaw.

6 April--Central Committee first secretary Wojciech Jaruzelski met with a group of authors of letters to the Central Committee from various regions of the country. Central Committee secretary Stanislaw Ciosek also participated in the meeting, as well as Central Committee branch leaders Stanislaw Gabrielski, Boguslaw Kolodziejczak, and Marian Kot.

--In Wroclaw on all-Polish conference of Voidsip Committee economic secretaries on tasks in party work in the area of introducing scientific-technological progress convened. Politburo member and Central Committee secretary Marian Wozniak conducted it.

8 April--In the MSZ [Ministry of Foreign Affairs] a departmental party-service conference took place on the implementation of foreign service tasks in 1987. Participating in the conference were Politburo members Jozef Cryrek, Central Committee secretary, and Marian Orzechowski, foreign affairs minister, as well as Central Committee division chiefs.

9 April--The Central Committee commission for internal party affairs and party activity in representative bodies and state administration discussed the next draft of its report and establishment of proceedings on a resolution for the upcoming Central Committee Fourth Plenum. The meeting was conducted by Politburo member and Central Committee secretary Jozef Baryla.

In Administrative Channels and Organizations

31 March—In Biala Podlaska a joint meeting of the PZPR Voivodship Committee and ZSL Chief Committee was held concerning the major problems of Podlaska agriculture. Participating in the meeting were ZSL Chief Committee president and Sejm speaker Roman Malinowski and PZPR Central Committee Agricultural Branch chief Karimierz Orzesiak.

4 April—The Voivodship Committee in Bielsko-Biala discussed the tasks of the voivodship party organization resulting from a Central Committee Third Plenum resolution.

—The Voivodship Committee in Elblag discussed tasks in the area of advancement of qualitative changes in the voivodship economy in the spirit of the Central Committee Third Plenum resolution.

—In Wroclaw an all-Polish conference of POP [Primary Party Organization] secretaries acting through ZSP [Polish Students' Association] district councils was held. The chief of the Central Committee branch for youth, physical culture, and tourist affairs, Jerry Swiderski, took part in the conference.

5 April—Felicja Fornalska, meritorious activist in the workers' movement, died in Warsaw. Felicja Fornalska was a participant in the October Revolution and was active in SDKPiL [Social Democratic Party of the Kingdom of Poland and Lithuania], KPP [Communist Party of Poland], WKP (b) [All-Union Communist Party (Bolsheviks)], PPR [Polish Workers' Party], and then PZPR. For her political and social activity she was decorated with the Order of the Builders of Peoples Poland.

9 April—The Voivodship Committee in Szczecin discussed the socioeconomic situation in the voivodship and the tasks of party organizations and administrative channels in the economy.

10 April—The PZPR Warsaw Committee discussed enhancing the effectiveness of the work of basic party organizations. The meeting was conducted by Political Office deputy and Warsaw Committee first secretary Janusz Kabasiewicz, and Central Committee Political-Organizational Branch director Stanislaw Gabrielski took part in it.

—Politburo member and Central Committee secretary Marian Werniak held a meeting with activists in three industrial establishments in the Szczecin area: the A. Warski Shipyard, the Police Chemical Plant, and the Vis Instrument Factory. The second stage of economic reform in the establishments was discussed.

—Politburo member and Central Committee secretary Tadeusz Porebski participated in a regional conference of the party-economic activists in Wroclaw on implementation of the tasks of the second stage of reform.

11 April—Politburo member and Central Committee secretary Tadeusz Porebski took part in the ZSL Third Departmental Reporting-Electoral Conference [party convention] in Wrocław.

Interparty Collaboration

29 March-1 April—A delegation visited Poland from the Revolutionary Party of Tanzania led by Politburo member, director of the ideological branch of that party, and minister of local administration and cooperative movement affairs of the United Republic of Tanzania Kingunge Ngumbale Mwira. The delegation held talks with Politburo member and PZPR Central Committee secretary Józef Cyrtek and Central Committee foreign branch chief Ernest Kucna and ideological branch chief Władysław Łorinc.

1-4 April—Representatives of the CPSU Central Committee were in Poland with the leader of a group of consultants, Boris Lodygin. Marek Boldakowski, PZPR Central Committee Economic Branch Chief, met with the CPSU Central Committee workers.

9-10 April—At the invitation of PZPR Central Committee first secretary and chairman of the State Council Wojciech Jarnuski, a working, friendly visit to Poland was paid by the BPC [Bulgarian Communist Party] Central Committee secretary general and LRS State Council chairman Todor Zhivkov.

—A PZPR delegation led by Central Committee secretary Kazimierz Cypryński visited Spain. The delegation held talks with Executive Committee member and Central Committee of the Spanish Communist Party secretary Simón Sánchez Montoro and Central Committee secretary Francisco Palero.

13324/12223

CSO: 2600/570

POLAND

POLITICAL

BRIEFS

PIPR MEETING ON WORKER SELF-ENGAGEMENT FUTURE—**Warsaw**—The role of the basic party organizations [POP] among university youth was the subject of a national conference on 4 April of PIPR POP's among the district councils of the Polish University Student Association [ZSP]. The participants discussed the possibilities of strengthening the inspirational role of party organizations among students. The paucity of student participation in the PZPR was criticized. Education is a basic function of socialist higher schools and in recollection of this principle, the conference participants praised the work done by ZSP activists and party members in improving the programs used to train specialized personnel for industry and national culture. The view was expressed that all changes in higher study programs and regulations should be introduced with the active participation of academic communities. Jerry Swiderski, director of the PIPR Central Committee Department of Youth, Physical Education and Tourism took part in the conference. (Text) [Warsaw TRYBUNA LUDU in Polish 11-12 Apr 87 p 5] 12261

CSG: 2600/611

IMAGERY PROCESSING FOR GUIDED WEAPONS DETAILED

East Berlin MILITAERTECHNIK in German No 3, 1987 (signed to press 16 Mar 87)
pp 150-152

[Article by Col Dr. W. Roscher, "The Significance of Automatic Digital Image Processing for Weapons Guidance and Control Systems"]

[Text] Scientific and technical progress in military science manifests itself increasingly through both the growth of electronic components and expanding automation of military engineering processes. Because of advantages offered by micro-computer techniques, digital engineering in electronics and digital controls in automation engineering are assuming increasing importance.

1. Room for Automated Digital Image Processing

Computer-aided digital controls represent important technical systems designed to meet weapons system requirements for long-distance precision control. They are to be found in guidance systems for modern types of ammunition, including rockets, and in control systems for target acquisition and engagement using unguided types of ammunition. Graphic data processing systems are often used in such digital controls for target search, acquisition, recognition, identification, and escort.

Automatic digital image processing is one element of graphic data processing and embodies image analysis operations, while computer graphics comprises the second element in image synthesis operations. In contrast to analog image processing, digital image processing employs optical processors.

As a rule image processing involves enhancement or processing of various kinds of images with different structures in order to improve the visual impression or to define an extraction and specific image content, and to undertake further processing.

Computer-aided image processing based on digital image structures and programmable image processing logarithms is called automatic digital image processing.

There are four basic steps for automatic image processing. The first step includes generation of the digital image using an image pick-up device, image scanning, creation of a series of discrete image elements (pixels), and coding each image element. This includes transformation of the digitized

image, contrast amplification, edge detection (accentuation of edges and curves in the image), and segmentation (accentuation of surfaces, object analyses). In the third step the image is evaluated in the form of characteristic accentuation (splitting the image up into sub-sections which make up the scene), and classification (arrangement of the pixels into classes using gray values and color intensities), as well as identification by comparison of images registered by different sensor systems or comparison with a stored environmental model. The final step features control signal output to trigger reactions via technical actuators.

2. Design of an Image Processing System

Image processing requires high memory capacity and processing speed. Normally we have an image raster made up of 512 x 512 image dots with the international standard of 256 gray value levels per image dot. This means we need an image memory capacity of 512 x 512 x 8 bits, which corresponds to a 262 Kbyte capacity.

Real-time processing of image data is essential for automatic weapons guidance and control systems. Again, if we start from an image raster of 512 x 512 image dots and the international standard of 100 processing operations per image dot, this gives us 26,214,400 operations that have to be performed in an interval of fractions of a second.

Such high processing speeds require the development of so-called parallel processors. The distinguishing feature of parallel processors is that they can carry out the same operation simultaneously under the control of a central unit using the image data currently assigned to them. This kind of computer structure is called single-instruction, multiple data architecture (SIMD).

In the German Federal Republic, the universal image processing system A 647x is based on the K 1600 micro-computer family from the product line offered by the VEB Robotron combine, which includes an SIMD architecture. It features a system bus connecting all the modules and instruments together. The most important modules include the following:

- K 1639 central processing unit,
- Main memory capacity expandable up to 256 Kbyte,
- Operating unit and track ball control,
- Image memory module with a capacity of 512 x 512 bytes, expandable up to 8 image memory modules,
- Display processor for rapid processing of up to 8 images using the SIMD principle, and
- Graphics module for representing technical raster graphics functions.

Figure 1 shows the structure of the A 647x image processing system. Its maximum processing speed runs at 12.5 Mbytes/s.

3. Using Automatic Digital Image Processing in Weapons Guidance and Control Systems

Shell or rocket guidance involves the use of guidance components to change movement in terms of speed and direction. According to the active principle involved, guidance systems are distinguished as self-guided, remote-guided,

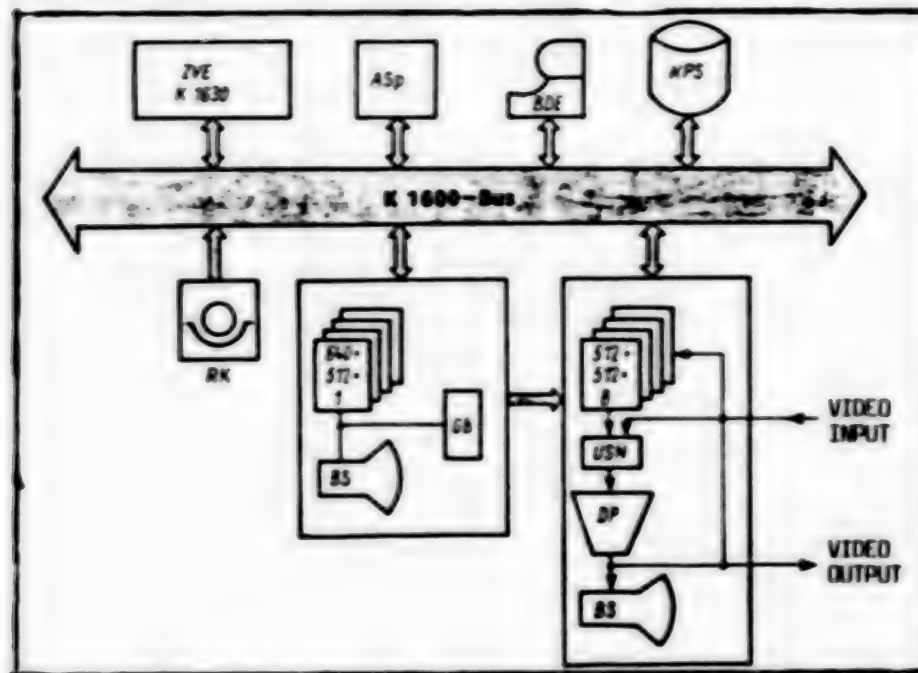


Figure 1: Design Model for the A 647x Image Processor

ZVE=central processing unit, ASp=main memory, BDE=operating unit, KPS=cassette disk storage CM 5400, RK=track ball control, BS=video screen, GB=graphics, USN=switching and delay network, DP=data processor.

and homing guidance systems. In self-guided systems, guidance commands are processed according to a program on board the rocket. This guidance system is suitable for engagement of fixed targets. In the remote guidance process, guidance commands are processed by a ground station or a carrier-based aircraft and radioed to the rocket. This guidance system is also suitable for engagement of moving targets. In the case of homing guidance systems, guidance commands are processed on board the rocket based on the rocket's own target location function (radiant heat emission, external radiation emission). This guidance system is particularly suited for engaging moving targets. At present, automatic image processing is only meaningful for use with remote control and homing guidance systems.

3.1 Remote Guidance Systems

Among the many familiar types of remote guidance systems, we are only interested in remote video guidance systems.

The targeted object is picked up on board the rocket or shell using a solid-state camera and transmitted as digitized information to the ground station or a carrier-based aircraft. High-power video transmitters in the 1 m wave length range can achieve ranges of up to 350 km. With the camera installed in the rocket, the system can pick up targets outside the field of view of the ground station or the carrier-based aircraft. At the same time, as the rocket comes closer and closer to the target to be engaged, this guidance system

ensures exact orientation toward that target as a result of improving optical view. Then the guidance commands are issued to the rocket from the ground station or the carrier-based aircraft. (Figure 2a)

If a ground station is used to process the guidance commands, very high-quality computers with extremely large memory capacity and very high operating speed are essential for image processing.

The image processing system must be capable of selecting the most important target out of a large number of objects situated very close to each other. Once identified, the desired target is transmitted to image memory, which compares it with a memory-resident model of the target. Video guidance systems can be used against moving targets. Figure 2b illustrates the active principle in video guidance systems.

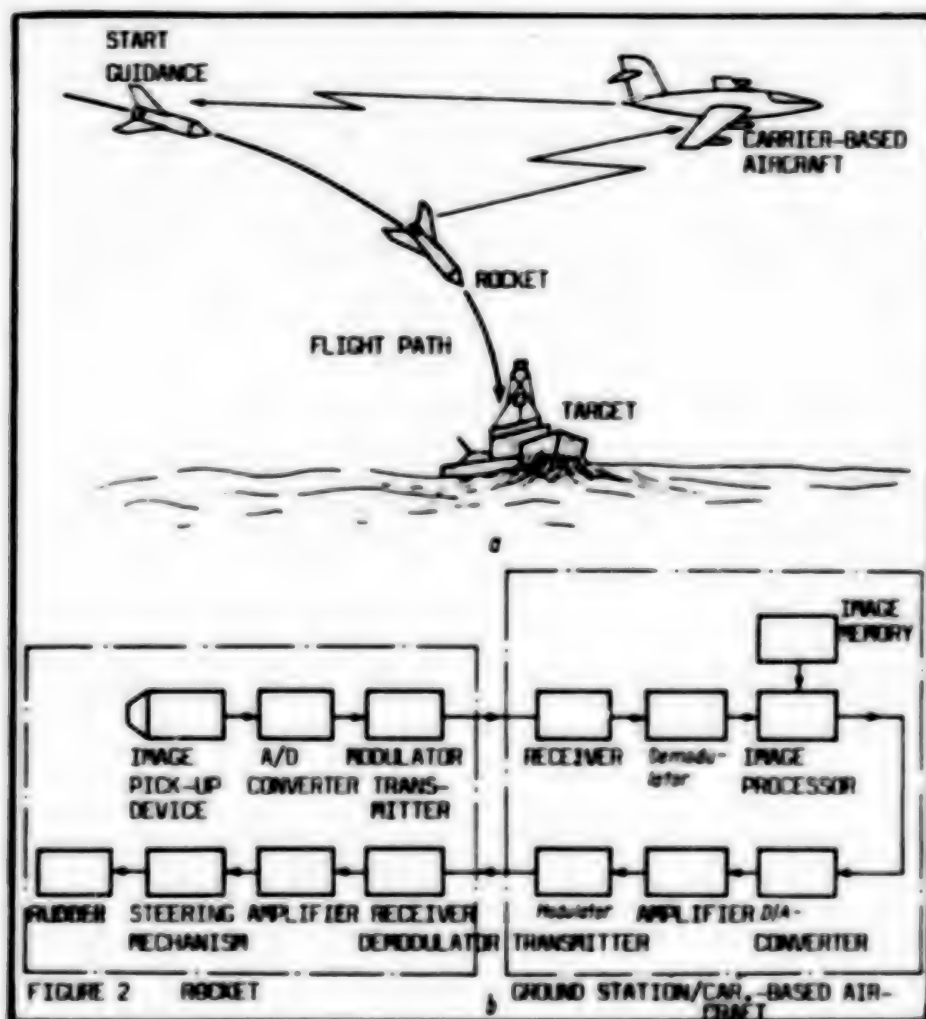


Figure 2: Video Remote Guidance System

3.2 Homing Systems

Homing systems are classified in two groups. One is based on measurement of radiation intensity, and the other on correlation with a stored target model. The first group includes homing systems based on radiant heat and laser radiation (laser-target illuminators), and the second group features image processing homing systems. Image processing systems can be designed as terrain correlation instruments with long-distance navigation, optical correlation instruments, radiometric correlation instruments, and radar correlation systems.

All the techniques cited here have in common the fact that they are based on comparison of a stored image with a current image picked up via the system's specific type of energy. The degree of correspondence between the image picked up by the system and the stored image is determined by calculating the correlation function. This involves requires development of rapid correlation function calculation procedures in order to attain the highest possible image processing speed.

Consequently there is usually an appropriate image processing system installed on board the rocket. It receives its input data via a target image sensor and produces a digital model of the targeted object in its image memory. The image processor emits an output signal for a data processor, which processes the signals for the rockets steering mechanisms.

Terrain correlation devices use radar technology to determine the altitude profile along the flight path of the rocket and compare it to a stored digitized altitude profile map. (Figure 3a).

Optical correlation instruments compare surfaces using a target area picked up by a solid-state camera (300-5,000 km²) and the digitized target surface model in the image memory. At a rocket flight speed of 700 km/h and a permissible target deviation of 10m, maximum permissible processing time from image pick-up to target destruction is 50 ms. Figure 3b illustrates the active principle.

Radiometric correlation devices are based on metrological determination of the strength of the natural radio signals emitted by the target object. They compare this information with a digitized radio signal image of the desired target object.

Radar correlation systems feature an image-memory resident reference radar image of the targeted terrain and compare it with the target object reflected in the radar signals. The source of the radar signals is usually a radar transmitter on the rocket.

When the current target object corresponds identically to the stored target model, the data processor issues a signal for target engagement.

The systems described here are primarily employed in the following list of NATO weapons. Typical examples of terrain correlation are cruise missiles with a range of 2400 km and an expected target variation of 50 m.

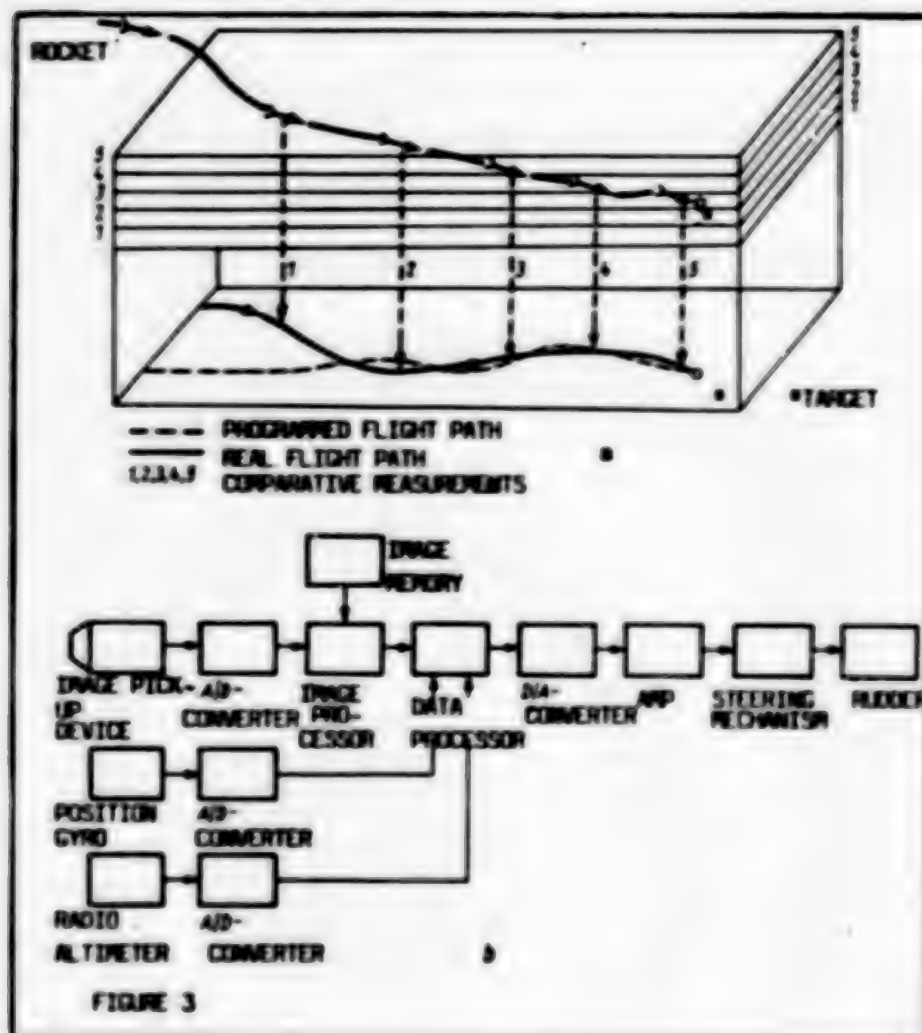


Figure 3: Terrain Correlation System

The optical correlation system is employed in the sea-based cruise rocket BGM 109 "Tomahawk," which is rated for a range of 3700 km and an anticipated target variation of 10 m. The GBU 15 smart bomb features a radiometric correlation device with an expected target variation of 50 m.

We find a radar correlation system in the Pershing 2 medium range rocket, which is supposed to possess a range of 1800 km and a specified scatter radius of 25 m.

All the weapons listed here are integral components of NATO's proclaimed air-land battle concept.

3.3 Automatic Digital Image Processing in Weapons Control Systems

Guidance of a shell involves a one-time determination of initial shell direction and velocity when the shell leaves the gun muzzle. An unguided shell moves along a ballistic flight path. We also run into the concept of fire control systems with respect to weapons guidance systems; these systems also frequently employ image processing devices (solid-state cameras, A/D converters, image processors, image memory, etc.).

Separate image processing systems are used to select among optically familiar and identified targeted objects. It processes optimized control signals for the weapon for engaging the enemy target.

13127

CSO: 2300/323

GREATER TRANSPORT EFFICIENCY IN 8TH 5-YEAR PLAN VIEWED

Prague DOPRAVA in Czech No 1, 1987 pp 2-4

[Article by Frantisek Zajic, doctor of social science, CPCZ Central Committee Staff: "Further Improvements in Road Freight Transportation Efficiency in 8th 5-Year Plan"]

[Text] The main objectives for road freight transportation in the Seventh 5-Year Plan included:

- increasing public road transportation as a percentage of total road freight transportation;
- further reductions in fuel consumption;
- increasing the volume of freight handled by terminals and by exclusive Czechoslovak Automotive Transport [CSAD] hauling;
- increasing the number of parcels handled by the CSAD Parcel Service and by regular freight routes;
- improving the utilization efficiency of the vehicle and trailer fleet;
- increasing the efficiency of factory transportation by improving the time utilization of freight vehicles, including tractors, and their gradual concentration into larger organizational entities;
- increasing the technical sophistication of road freight vehicles.

The structure of road freight transportation did not evolve as we had planned. Public road freight transportation by the CSAD was only 54.6 percent of total road freight transportation at the end of 1985 (the target of the 16th CPCZ Congress was 55 percent). The reason for the failure to meet this target was mainly the exceeding of planned levels of factory freight transportation by selected organizations. Because they had higher limits on their consumption of fuels than CSAD facilities, these organizations had greater latitude in conducting their shipping operations.

The task of reducing standard fuel consumption in road freight transportation by 13 percent was fulfilled. The reduction for CSAD public freight transport

was 13.6 percent (the target was 11.2 percent), and for factory transportation 13.6 percent (projection was for 14.5 percent). This showed us that penalties for exceeding limits on fuel usage have greater impact on CSAD facilities than on factory shipping operations, because the CSAD facilities are completely dependent on these limits for their operations, while factory shipping departments can draw on supplies of diesel fuel otherwise designated for use with other equipment.

The volume of exclusive shipments increased in tonnage in 1980-1985 by 65 percent, and in ton-kilometers by 100 percent. For shipments picked up by the CSAD at freight terminals of the Czechoslovak State Railways [CSD] the increase in tonnage was 40 percent and in ton-kilometers 50 percent. Container transport by the CSAD increased by 31 percent in terms of tonnage and by 25 percent in terms of the number of containers handled.

Inadequate equipment and terminals reduced the growth rate of the CSAD Parcel Service. The number of packages handled increased by 4.5 percent, but the tonnage decreased by 3.8 percent. For the same reasons there was no significant development in regular freight runs, which are still reserved for full trailer loads.

Shipments in trailers have shown positive growth. In 1985 such shipments accounted for 15.4 percent of shipped tonnage, in comparison with 10.5 percent of total tonnage shipped in 1980. Trailer shipments in 1985 accounted for 32 percent of total ton-kilometers shipped, in comparison with 28.5 percent of total ton-kilometers shipped in 1980.

A significant portion of the efficiency enhancing measures in road freight transportation for the Seventh 5-Year Plan were aimed at improving the efficiency of factory transportation. The greatest emphasis was put on improving the time utilization of trucks and on reducing their numbers at locations where they are not used frequently enough. In selected organizations vehicle use was reduced in comparison with 1980 figures by 13.7 percent, and the existing fleet time utilization improved by 8 percent.

Time utilization targets were fulfilled on the whole for all sectors at a 54.6 percent level (the target was 54 percent). Some sectors had time utilization figures that were less than this target. These included the Ministry of Agriculture and Food (52.8 percent), the Ministry of Forest and Water Management (51.5 percent), the National Committee of the CSSR (52.5 percent), and the Ministry of Industry of the SSR (53.5 percent). Utilization figures for the Ministries of Trade of the CSR and SSR were 58.6 and 58.8 percent respectively. The target level of 54 percent was not fulfilled in the case of tractors.

Improved utilization of the vehicle fleet combined with better loading conditions to improve trip utilization in factory transportation in selected organizations by 8.6 percent.

Concentrating vehicle fleets into larger units had no significant impact on the organization and management of factory transportation. This was especially true for organizations with small numbers of vehicles.

At the level of maintenance, better care was taken of the vehicles, and this has improved in turn fuel usage.

The equipment base of the road transportation sector did not develop at the requisite pace. There were problems with specific types of vehicles that were delivered, namely with their technical specifications in terms both of fuel consumption and environmental protection.

A cursory evaluation of the evolution of road freight transportation in the Seventh 5-Year Plan indicates that despite some bright spots there is still a long way to go in improving management and reducing energy intensiveness.

The future development of road freight transportation as outlined by the 17th CPCZ Congress and Main Directions in the Socio-Economic Development of the CSSR, 1986-1990 may be summarized in two groups.

1. In terms of the national transportation system the objective is further proportional development in relation both to other forms of transportation and in the mix of factory and public transportation. Overall for road freight transportation projections call for an increase in tonnage transported of 4.2 percent, and in ton-kilometers of 5.1 percent. Internally it will be important to optimize the division of transportation labor between public freight transport and factory transport in such a way that CSAD public transport increases in ton-kilometers by 15.1 percent while factory transport declines by 6.9 percent in comparison with 1985 figures.

2. Basic tasks include reducing fuel consumption and further improving operations and quality. During the Eighth 5-year Plan standard consumption per unit of output should decrease by 8 percent. The difference in targets for reducing standard consumption in public transport (at least 4 percent) and factory transport (at least 6.5 percent) reflects both the performance recorded in the Seventh 5-Year Plan and the projected structural changes in meeting transportation requirements.

One of the basic factors in improving efficiency is better utilization of transportation equipment. In public transport this means mainly focusing on improving the organization of shipping operations, with special emphasis on transportation systems and vehicle loading.

In factory transportation it will be necessary to find ways to improve the use of transportation facilities not only by concentrating vehicles into larger groups, which can improve shipping organization and vehicle use, but mainly by regulating the number of vehicles so that this will correspond to actual shipping requirements.

These are not completely new efficiency enhancing measures, but rather extensions of measures that were first implemented in the Seventh 5-Year Plan.

To facilitate the execution of these tasks the CSSR Government has adopted measures to improve further management and to reduce the energy intensiveness of road freight transportation for the Eighth 5-Year Plan and beyond.

The main emphasis is being placed on developing a plan for the CSAD national enterprise that will strengthen the development of road freight transport in the Eighth 5-Year Plan.

After the experiences of the Seventh 5-Year Plan we must devote more attention to the fulfillment of this task, because it is closely related to the task of the 17th CPCZ Congress to increase public transportation as a percentage of total transportation.

Measures related to implementing CSSR Government Resolution No 114/86, which take account of the facility capacities of the CSAD provide, during an initial stage beginning on 1 July 1987, that all cargoes to be hauled over 200 kilometers in trucks of over 3 tons carrying capacity be hauled by CSAD vehicles. This will be followed by a decree on the loading of vehicles for trips of 50-200 kilometers.

Other measures instruct shippers to meet their shipping requirements mainly by rail or water transport. This is especially true for full trailer loads travelling over 50 kilometers, as long as this transportation has not been booked with any other transportation system, or if the above modes would be economically disadvantageous.

To further improve the operational efficiency of planned factory transportation, the adopted measures provide for further increases in the time utilization of road freight and special purpose vehicles, including tractors, so that this time utilization will be at least 57 percent beginning in 1989, with 1,850 hours of operation. In other factory transportation the level has been set at 54 percent, with 1,550 hours of operation annually. The measures allow central offices to set commensurately lower time usage figures for vehicles designated to perform services which are occasional, but which must be provided for. It is further provided, in conjunction with time utilization, that the operating condition of the vehicles in a fleet be regulated so that obsolete vehicles can be culled, and fleet quality maintained.

To gain more reliability in data concerning transportation at the shipping document level, one task is to test the feasibility of implementing a shipping bill system. To set the groundwork for achieving economic comparability between factory and public transportation, these measures provide that factory shipping operations that generate internal invoices set their tariffs according to those of the CSAD.

In conjunction with State Priority Program No 10, on setting the groundwork for modern transportation systems, measures have been adopted to improve the quality of the CSAD Parcel Service, to improve participation of CSAD enterprises in the development of joint CSAD and CSD terminals, and to develop containerized transportation systems. Systems of exclusive shipments from resources and regular freight routes for public road freight transport have been incorporated by government decree into these modern transportation systems.

An evaluation of the performance recorded in the Seventh 5-Year Plan and of the tasks set for road freight transportation for the Eighth 5-Year Plan demonstrates the difficulty of these tasks for both public and factory transportation.

Even though the implementation of some measures must be gradual it is essential for the pertinent central agencies, central elements of management, as well as the organizations themselves, to devote as much attention as possible to the assurance of these tasks and to monitor their fulfillment on an ongoing basis.

To fulfill the tasks related to CSSR Government Resolution No 114/86 future attention will have to be focused on the following areas:

- further concentration of the vehicle fleet into larger organizational entities, with contracts signed for full transportation services by CSAD facilities;
- maintaining the fundamental principles of the division of transportation work between public and factory road freight transportation;
- measures limiting the use of vehicles over 3 tons of load weight for trips over 200 kilometers in length;
- complying with the minimum established time use targets for road freight and special freight vehicles, including tractors;
- increasing the assurance of transportation requirements through increasing utilization of modern transportation systems;
- meeting deadlines for task fulfillment related to the implementation of State Priority Program No 10—Progressive Freight Systems.

9276/12859

CSO: 2400/314

COAL, OIL, AND DEPOSITS IN SLOVAKIA SURVEYED

Bratislava NOVÉ SLOVO in Slovak 1 May 87 pp 4-5

[Article by Ing Jan Huran, candidate for doctor of science, and Jura J Tóser, doctor of natural sciences, candidate for doctor of sciences: "The New Materials Map of Slovakia"]

[Text] The potential value of proven mineral reserves in the SSR is roughly Kcs 180 billion. These resources are located in some 850 charted deposits. There are also real possibilities for expanding this raw material base and thereby increasing domestic minerals as a percentage of the total minerals used by the Czechoslovak economy.

Reserves of coal and lignite in the SSR are substantially lower than those in the CSR. At the same time deposits are very important in terms of local power generation and consumption by the general public. Intensive prospecting during the Seventh 5-Year Plan confirmed more accurately the raw material potential of the working deposits at Rudňova, Nováky, and in the Hrdý Banský area. Prospecting in the vicinity of Ghely confirmed reserves of lignite which have become the basis of a capital investment in a new mining facility. In conjunction with the Stefanov surface mine, this has set the stage for extraction in the range of 2 million tons annually by the year 2000, with the real possibility of proving additional reserves during the Eighth 5-Year Plan.

In addition to these main coal bearing regions, prospecting has also been done in the Kocurin and Pásmec deposits, with positive results.

Prospecting at the Vella Trna deposit of anthracite coal, near the Zemplín Heights, has yielded very promising results. The significance of this deposit is relatively greater, because high quality anthracite coal has applications in areas other than power generation.

The successes achieved by the divisions of the Slovak Geological Office and the Federal Ministry of Fuels and Power in expanding the solid fuel reserves in the SSR has laid the groundwork for extending the mining of these raw materials at least until the year 2000.

Despite the fact that domestic crude oil production covers not even 1 percent of demand, and domestic natural gas only 4-5 percent of demand, there are real possibilities for increasing the production mainly of natural gas by the Ninth 5-year Plan, and mainly after the year 2000. These projections are based on the projected valuation for the territory of the SSR which was drafted in the early 1960's as part of a USSR-wide project. Soviet experts confirmed this report's findings in 1962 and in 1964. According to this study the areas of greatest promise are the Vienna Basin and the East Slovak Eugeonic Basin, with its deep bedrock and paleogenic sandstone/siltstone belt with its own bedrock, which in combination make it necessary to drill shafts more than a kilometer deep. Both the results of prospecting, which were very positive, and the results of the research project Geological Research in Areas with Potential for Spring Fields of Crude Oil and Natural Gas, which has been completed, have confirmed the projection of this study of the early 1960's. Currently there are 17 proven deposits of crude oil and natural gas in the Slovak portion of the Vienna Basin (including the largest domestic natural gas field, the Factory field, with proven reserves of more than 19 billion cubic meters).

Systematic geological research and prospecting and projected valuations for selected areas of the SSR indicate that the ore potential of the traditional mining areas, such as Banňa Stiasovica, Balmory, the Rumov Oblast, Liptovská Dobruša, etc., is not exhausted and that the potential exists to expand proven reserves further. At the same time prospecting is proceeding in new areas, and new types of mineral deposits, previously unknown in Slovakia, have been discovered.

The main center for the mining of semimetalliferous ores (lead, zinc, copper, silver, gold) remains the mining area of Banňa Stiasovica-Iskra, where proven reserves of the above minerals will make it possible to mine them at least to the year 2020. At the same time intensive geological research and prospecting is proceeding in this area with positive results which have included both the expansion of proven reserves of the minerals already known to be there, and the discovery of a deposit of a new mineral, a copper-porphry ore, in the Zlatos and Palmar areas.

During the past 5-year plan we have been successful in expanding the proven reserves at the working deposit of complex iron ores (containing not only iron but also copper and mercury, as well as other industrial minerals) at Balmory. One particular success was the discovery of the Rataj and Jankov veins in the northern part of this deposit by workers of the Geological Research national enterprise of Spišská Nová Ves, which opens new perspectives on the development of mining in this traditional mining country. Prospecting for copper ores in the Slovinky-Geladica and Novovesný Batý oblasti also proved successful.

The development of mining in the Rumov Oblast has been heavily influenced by the discovery of the so-called Silver Vein new vein structure, which has exceptionally high use value (the raw material contains iron, copper, antimony and silver).

The Slovak Geological Office has, in the past 5-year plan, proven reserves of mercury ore at the new Velka Studna deposits near Banska Bystrica and Dubnik pri Presov, and substantially expanded the proven reserves of antimony ore at Liptovska Dubrava.

After mapping the Kremnice gold deposit in 1970, prospecting for this type of ore slowed down somewhat. Now work has begun again near Kremnice with promising results. It is expected that the surface mining of gold will start again in the Eighth 5-Year Plan in the vicinity of Sturc.

Geological research has been completed on the first Slovak tin deposit, the Hnilec-Medvedi Stream deposit, in the Spissko-Gemersk ore hills. The calculated reserves, in conjunction with reserves that may be discovered in the vicinity of this deposit during the current 5-year plan, could become an industrially viable base for the production of this metal in Slovakia.

Employees of the geological institute have also discovered a completely new type of ore in Slovakia, namely tungsten-gold ore in the vicinity of Jasenie in the Low Tatras. The results of intensive prospecting indicate that the reserves of this ore could begin to be mined by the end of this century.

Slovakia contains a wide assortment of non-ore minerals in sufficient quantity to cover not only domestic consumption but to serve as an important export commodity as well.

These include magnesite, the processing of which is an important industry for us. More than half our production of magnesite is exported. We have been prospecting successfully in the largest magnesite deposits of Slovakia (the Dubrava massif and Kosice), which will lead to several tens of million of tons of new, industrially exploitable reserves.

Geologists prospecting for talc in the area of Kokava-Sinec also met with success. The proven reserves of gypsum and anhydride have been expanded by the proving of the Bohunovo field, and supplies of perlite by the proving of the Jastrabia Skala deposit. The latter is an attractive raw material mainly for construction and agriculture.

A new type of non-ore raw material for Slovakia are zeolites, which are used widely worldwide and are finding more and more applications in our own economy. We have proven reserves in the vicinity of Nizky Hrabovec in East Slovakia and the Bartosovy Lehotek region of Central Slovakia.

Slovakia also has deposits of ceramic raw materials, refractory and stony class, raw materials for bricks, and other types of non-ore minerals, including practically inexhaustible reserves of the raw materials for cement; limestone and construction stone.

This short overview shows that Slovakia has a wide range of minerals at its disposal, most of which have had reserves proven by geological work in the Seventh 5-Year Plan. All of the current working deposits of solid fuels, ore and non-ore minerals will be operating into the next millennium.

HEALTHY DEVELOPMENT SAID NOT POSSIBLE WITHOUT CRITICISM

Prague RUDE PRAVO in Czech 25 Apr 87 p 1

[Editorial: "Criticism is Necessary for Healthy Development"]

[Text] Without criticism and self-criticism there can be neither healthy development nor the proper atmosphere for uncovering shortcomings and mobilizing resources to overcome them. This idea, from the 17th CPCZ Congress, shows the great importance that the Party places on criticism and self-criticism as a valuable basis of our lives.

No important party document fails to mention this principle. We constantly try to incorporate it into the specific conditions under which we live and work. There is no doubt that criticism becomes more important as the tasks we are attempting to solve become more complex, and the more widespread democratic principles become in our society. This is especially true now that we have embarked on an extensive process of social change.

Let us reemphasize: without criticism, a right to know for the public, and controls, there can be healthy development in neither the party nor the society. If we want to bring our deeds into line with our words we have no alternative but to take an increasingly critical view of shortcomings and move more assertively to resolve them.

We are talking about a standard, a characteristic of work. We are also aware that the real world often involves many deviations. We cannot say that criticism is welcome everywhere. In fact we must admit that criticism is frequently suppressed and persecuted, sometimes publicly, but most of the time in secret. In any event, we can under no circumstances remain indifferent to any suppression of criticism, hidden or otherwise, and let it go unpunished. This is especially true of communists, and primarily those in positions of responsibility. Party statutes clearly state that all members must not permit criticism to be suppressed. In instances where people who offer criticism are persecuted, it is necessary to deal with the suppressors very firmly, always bearing in mind that we cannot take chances with the trust of the people.

It is obviously easy to pay lip service to criticism, but much more difficult to create the conditions for it, to assure that it may be offered openly and without fear of negative consequences, that it can be taken seriously, and so that it can be followed by self-criticism and the correction of mistakes or

shortcomings. We cannot do this simply by writing dozens of articles, editorials or resolutions. It must develop from concrete political work above all by party offices and organizations, from the example of communists, who have an obligation to create an environment in which criticism and self-criticism will be a normal, natural occurrence. This will involve developing, step by step, an environment in society that will exert pressure not on those who offer critical opinions, but on those who know about problems and do nothing about them.

This is not to say that there is no criticism now at meetings or conferences. The requirement for critical rigor is being implemented, but slowly. There were a number of noteworthy critical speeches at the recent 11th All-Union Congress, at the congresses of both national journalist unions, and at some sessions of kraj and okres committees. In many cases, however, this is very general, nonspecific criticism, often involving people and collectives outside of the organization, or outside the borders of the okres, kraj or sector.

The rule goes something like: we do everything well here, the bad work is done elsewhere. Everyone raises their voice to complain about problems in supplier-consumer relations, about poor quality, but there are many fewer who dare to direct justified criticism to their own ranks, to their own shortcomings. After all, in many instances one is more than an end user. One can also be a supplier for another organization, a producer.

The requirements of a critical attitude, informing the public, and control are not fads, something that makes sense just now. In terms of the current need to speed up economic and social development and make society more democratic, it becomes an essential condition for achieving our objectives.

In the recent past we have heard a speech by comrade Michail Gorbachev in the Palace of Culture in which he discussed the problem of criticism in the Soviet context. He emphasized that without criticism and self-criticism there can be no successes in the development of socialism. He lamented the fact that we rarely adhere to these words of wisdom in practice. The "problemless" depiction of reality has not served us well, because it created a gap between words and deeds which leads to public passivity and skepticism of official slogans. If socialism is to be attractive, it will be attractive in its deeds, rather than its words. The honest admission of one's own faults and mistakes and the resolution to deal with them only increases the prestige of socialism.

These words are tailor-made for our situation. They should be taken to heart by those people who would rather keep a lid on everything, who call on all sorts of connections to prevent, God forbid, even a slightly critical comment concerning their plant, institution village or okres from reaching the press, radio, television or the higherups. There is a proverb, "whatever is cooked at home is eaten at home." This applies to functionaries who fight tooth and nail against criticism, the right of the public to know, and control. A member of the Czechoslovak Youth Federation, who allowed himself to criticize on the pages of RUDE PRAVO the conditions at a plant was branded as a "snitch" by his colleagues. Another one received a reprimand for simply mailing a complaint to our editorial offices. There are directors who violate the law by issuing guidelines that forbid any of their subordinates from having any contact with the press, etc.

We will still have to expend considerable efforts to create the right kind of climate for people to become accustomed to it as a normal environment within which to conduct their lives. Only then will we be able to have public discussions of things, a climate of criticism and self-criticism, and the resultant correction of the identified shortcomings as an inseparable component of policy. Party offices and organizations, all communists, play an essential role as pioneers in this area.

This also involves training people to express a critical opinion openly, getting rid of the habit of being quiet at meetings but criticizing in private. Let us look at this another way. How many people do we know who have wasted their talents and their authority because their work environment was not rigorous enough, did not offer criticism for their mistakes and shortcomings, surrounded them with a false sense of comradeship and collegiality. A direct comment in a diplomatic tone at the proper time could have helped them. It did not help because it was not uttered. And it is very possible that these same people who created this environment of immunity and lack of criticism, will then not find a self-critical word in their bodies when matters have had to be resolved at the personnel level, and only, as they say, wash their hands of everything.

What Gustav Husak has said about improving on democracy at the 11th All-Union Congress is true not only for unions but for the entire society, and the party in particular. He noted that in unions at all levels votes are taken by secret ballot. This is one sign of democracy, but he asked a question, "Is there always a democracy at union meetings in which someone dares to tell a director or other employee that he is making a mistake?" He added, "We do not yet have this kind of openness; rather we speak openly in corridors or behind people's backs. We are interested however, in an open, democratic discussion, so that every working person can express his viewpoint. When someone makes a mistake someone else corrects him. The collective knows what is reasonable."

This is the type of atmosphere we want, in the party and the unions, in all public organizations of the National Front, at all workplaces, throughout society. It is a healthy atmosphere in which criticism and self-criticism feel at home, where they will never be the exception but always the rule. This is the type of atmosphere we want to create throughout society. Everywhere.

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CSO: 2400/310

INTENSIFIED CMEA INTEGRATION PRAISED

Commerce Minister's View

Budapest FIGYELO in Hungarian 28 Apr 87 p 5

[Interview with Dr Zoltan Juhar, Minister of Domestic Commerce: "The CMEA: Increased Emphasis Placed On Direct Commercial Contacts"]

[Question] Last week the nineteenth working session of the ministers of domestic commerce for the CMEA countries met in Budapest. On this occasion, our correspondent spoke with Dr Zoltan Juhar, Minister of Domestic Commerce, the president of the session:

The economic management mechanism of the CMEA is presently undergoing a substantive transformation; the forms of cooperation are being modernized and expanded, and increased emphasis is placed on the various forms of contact. Has any of this been in evidence at the recent session?

[Answer] To begin with, I wish to emphasize that the annual ministerial conferences are useful in the development of bi- and multi-lateral contacts, as they offer us a chance to exchange our experiences, determine our joint course of action and critically evaluate our earlier activities. However, this forum has not been without shortcomings: due to the flood of paper and marathon discussion sessions, substantial issues were frequently ignored. This time we have taken the first step: the plenary session lasted only half a day, and during that time we managed to take care of the six points on the schedule.

The rest of the conference was taken up by operative exchange of experiences, and bi- and multi-lateral work sessions. The participants visited several food-processing facilities, department stores and commercial firms, and sought out opportunities for establishing direct contacts. According to the unequivocal opinion of the ministers, there are significant resources available for setting up direct contacts between the domestic commercial facilities of the various countries, the development of which could broaden the exchange of consumer goods.

[Question] How did the host country contribute to the work of the conference?

[Answer] There was great interest in the session that was designed to review the situation of Hungary's commercial distribution of food items. Among other things, the delegates were eager to examine the experiences of a multi-sector commercial distribution of food. We emphasized that having the state, cooperative and private sectors operate side by side has proved to be successful in the cities and larger communities; the competition between the various sectors contributed to the improvement of supply and expanded the customers' choice. The state supports the investment projects of the cooperatives in the cities and smaller communities alike.

We observed on site the results of operating smaller stores in a more effective manner. Since 1981 the units that operate on a contractual basis have achieved greater profits and contribute more money to the enterprises: budgetary earnings have doubled, fewer workers are employed, and they can receive higher wages. There is a more colorful offering of commodities, better suited to the demands of the consumers.

As for the incentive system used in the larger food-stores, we showed that the employees' direct interest in increasing the profits of the establishment contributes to a better selection of goods and more civilized service.

We have also discussed the opportunities for using computers. We mentioned that our country has taken only the first few steps in this sphere. I received much useful information from my East German colleague; they are ahead of us in this regard.

[Question] What does the CMEA's scientific-technological program, extending to the year 2000, have to offer domestic commerce?

[Answer] The participants agreed that scientific-technological progress can have its impact on domestic commerce in the following areas: the complex mechanization and automatization of commodity exchange processes; the specialization and modernization of small merchandising outlets, restaurants and guest accommodations; the broad application of computer technology; the mechanization of food preparation, and, finally, perfection of the contact between the economic mechanism of commerce, industry and agriculture.

It was mentioned that we have a great many reserves in the productive collaboration of modern technological means. Some countries made significant progress, and their achievements were of great interest even to the Soviet delegation. The delegations from Bulgaria and Poland called for a broadening of cooperative arrangements. Everyone agreed that when it comes to producing modern technological items, we should strive for cooperation and expand direct trade among each other.

The delegations visited the Klauzal Street market, where the principles of classical produce outlets and the modern supermarket are successfully combined: They were quite impressed with this as an example of new commercial technology.

We devoted a separate point on the agenda to the issue of introducing the use of the bar-code.

On the basis of scientific and technological progress, we are looking forward to the time when shortages become infrequent in the countries of the CMEA, and demands concerning quality, fashionableness and modernity will increase manifold. For this reason, during the next few years our commercial activities will de-emphasize the simple issue of distribution and devote more attention to genuine commercial work, evaluating demands and promoting production that is more in accord with popular demand. We must expect that commercial work will increase in importance throughout the CMEA, and for this reason we must make our commerce more modern and efficient.

[Question] How did direct contact between the domestic commerce of the various countries develop, and what are the prospects for this in the future?

[Answer] We informed our colleagues that 15 percent of the goods in the small retail trade consists of imported items, and that two-thirds of the imports come from other CMEA countries. At the present time, we consider the volume of imports quite low. Our goal is to see a more rapid growth in the import of consumer goods through more cooperation, and an increased competitive spirit. Only this way can we reach the point where domestic production becomes more modern and the supply is more responsive to demand.

As a problem, we mentioned that the "clearing trade" of consumer articles has stagnated during recent years. On the other hand, we think it is a positive factor that there has been a more rapid growth in the various commercial forms: state, cooperative border trade and department store supply. The volume of trade was 1.6 billion rubles in 1986, 20 percent more than a year earlier. The growth of trade among department stores has accelerated by 22 percent. Presently more than 200 department stores maintain a trade relation with the countries of the CMEA. There has been an improvement in meeting promises and deadlines. The member countries are making increased use of domestic fairs and national exhibitions to select the products they want and place orders.

We emphasized that we consider the various forms of trade among domestic commercial facilities as an important element in improving customer supply. We facilitate 35 percent of all CMEA trade along these lines, which amounts to a yearly volume of more than 500 million rubles.

We wish to increase the volume of trade between domestic firms in every one of our partners, but especially in the Soviet Union and in its republics. At the present time, we have direct contact with the domestic commercial firms of eleven Soviet republics; and now the Soviet Union is going to set up a separate office for this purpose in Lvov.

In order to expand cooperation, we proposed the use of bi-lateral actions referred to as "We Are Customers: Looking for Manufacturers!" which proved to be successful in Hungary. These would open up opportunities for exploiting new production capacities, as well as for expanding the circulation of goods.

It was also mentioned that several CMEA countries simultaneously bought foreign licenses in order to satisfy their own domestic demands. The delegates called for coordination in the purchase of licenses, because this would result in considerable savings. Thus far no satisfactory cooperation has developed on the markets of the CMEA. Thus, we should improve our organized market research efforts in each other's countries, primarily through foreign trade firms, but realizing that domestic firms should also be more familiar with the market conditions in other member countries. At times we find out about genuine demands and opportunities from goods purchased by tourists. We must make the exchange of information better organized; and one way of filling these gaps is through nurturing direct contacts among the various firms.

Academician's View

Budapest MAGYAR NEMZET in Hungarian 21 Apr 87 p 5

[Article by Laszlo Csaba, doctoral candidate, senior fellow of the World Economy Research Institute of the Hungarian Academy of Sciences: "Direct Relations Within the CMEA"]

[Text] The modern, critical approach of the new Soviet leadership also brought new life to cooperation within the CMEA, which has become increasingly sluggish during recent years. As early as October 1985, when the Political Negotiating Council of the Warsaw Treaty Organization met in Sofia, the collaborative activities of the CMEA received criticism instead of the usual praise. This critical tone has been maintained during the past two years, exerting a beneficial effect on the mechanism of collaboration, and within that the hesitant joint efforts undertaken toward modernizing the organizational system of the CMEA. The November 1986 Moscow working session of party leaders from the member states and the CMEA's 42nd conference in Bucharest gave new impetus to modernization efforts. Moreover, the political leadership decided that the renewal must cover the other elements of cooperation, such as planning, long-range foreign trade agreements, as well as the systems of prices and wages.

Market Terms

As is well known, the fundamental issue of substantial renewal is decentralization. In other words, beyond their cooperation, how much are the various state administrative organs able and willing to entrust the enterprises with solving the concrete problems of distribution? At the CMEA conference last November, Soviet Prime Minister Ryzhkov also mentioned that the hitherto existing direct contacts, organized largely from above for the express purpose of executing the plan, will have to develop into a genuine micro-integrative system, brought into existence at the initiative of the enterprises.

The middle- and long-range tasks of economic cooperation are defined by the documents approved at the members' high-level meeting held in 1984, as well as the scientific-technological program reaching to the year 2000 that was

approved at the December 1985 conference. As the program states, the execution of these projections can be realized only after radically modernizing the entire mechanism. The development of direct contacts can only be pragmatically examined in this light, in accordance with political and economic considerations indicated by the above-mentioned documents and agreements, that is, within the framework of already existing understandings. For exactly the same reason, the principle of direct contacts cannot be used as a basis for promoting integrative solutions radically different from the contents of the above-mentioned high-level agreements, for cooperative plans that override national planning and decision-making or interfere with domestic distribution of responsibilities. Nor can it serve as the starting point for the immediate setting-up of inter-enterprise contacts--otherwise perhaps desirable in the long run--for which the economic preconditions are lacking in the present, not-quite-developed state of the CMEA markets.

Hungary has traditionally promoted and supported endeavors to develop direct contacts between enterprises. The 1971 complex program already projected the expansion of these types of contacts, together with the establishment of multi-national firms. Still, the experience of a decade and a half shows that, regretfully, such micro-integrative solutions have not been widely accepted after this relatively long interval. For this reason, it might be desirable to examine, in a joint manner why that political goals already clearly defined in the 1971 complex program have so far not been accomplished.

At the present time we understand direct contacts, as parts of the developing new CMEA mechanism, to indicate relationships that come into being between the producing or commercial enterprises or research institutes of two countries, at their own initiative. Their crucial aspect is that they are created not as part of consolidating the national plans or as parts of planned exchange programs, but in a manner that differs from the above in space, time, commodity-base and perhaps even in object. They are, therefore, independent cooperative establishments within the framework of the CMEA, quite distinct from joint companies, specialized productive units or planned cooperative agreements, as well as from scheduled and balanced trade traffic set up by export-import enterprises. The development of direct contacts must bring additional profits, enlarged choice of products, or other considerable benefits to the participating enterprises, even while remaining within the framework of the general fiscal regulations. This is reflected in the agreement signed in November 1986 by Hungary and the Soviet Union concerning joint enterprises. At the same time, some other recently signed agreements--primarily of an industrial nature--failed to take the above principle into consideration.

The high-level meeting of 1984 and the 1985 CMEA conference, both of which strived to define the shared tasks involved in the development of the mechanism, took the position that a basic tool for bringing our economies into accord is the synchronization of our national plans. Evidently, then, this form of cooperation alone is called upon to define the proportions of planned trade volume and the indicators of balance. In other words, direct contacts are not allowed to interfere with these proportions and balanced relationships; rather, they are supposed to enrich and broaden cooperation based on the initiatives of enterprises and research institutions. The basic

principle here is the existence of additional benefits and, of course, reciprocity, evaluated by the enterprises. It is justified, therefore, to require other member nations to grant all concessions, and only those concessions, that we are similarly willing to grant to our partners.

'Custom-Tailored' Regulations

When it comes to cooperation in the scientific and technological spheres, this is the method for eliminating formalism and self-serving activities, in the interest of incentives and practical usefulness. The management units should strive to make it possible for all enterprises manufacturing similar products as well as their users to visit every plant of their business partners. It should be made possible--up to a certain value--to enter into experimental relationships with previously unknown firms. It would also be important to see further developments in trade along the borders, the broadening of selection in the department stores, and direct contacts among domestic commercial organizations.

Direct contacts, generally based on enterprise self-financing, would make it possible for us to become more familiar with the economic opportunities of member states outside Europe, and contribute to their effective integration into CMEA markets. In the spheres listed above, direct contacts could open up new channels for planned trade; what is more, they could even act as their controls on an experimental basis. In order to use these solutions, it would be desirable to greatly simplify and liberalize regulations concerning traveling and maintaining contact with trade partners in other CMEA countries. By organizing fairs and other international business meetings, the CMEA's Secretariat could perform the functions of an international chamber of commerce, and thus could contribute significantly to strengthening the infrastructure of direct contacts.

On the other hand, we cannot view as direct contacts the bi- and multi-lateral official relationships among state administrative organs, which--considering the volume of trade--have been rather well developed in the past. Nor are collaborative production or specialization agreements, or any other integrative forms, to be considered direct contacts, in view of the fact that they are directed by state administrative organs and have not been created upon the initiative of enterprises or research institutes. Generally speaking, these forms are not the most conducive for bringing about a harmony of interests held by suppliers and end-users. (It should be added, however, that even in these types of cooperative arrangements, the only way to make progress on issues such as delivery discipline, quality and accountability is to respect the principle of mutual consideration.) The establishing of direct contacts must not lead to the deterioration of national economic leadership, the shifting of spheres of responsibility held by the central organs and the enterprises, or modification of the trade proportions defined by synchronized plans.

Hungary's Incentive

In the course of gradual and economically justified development, we should avoid the threat--not entirely unknown in our past practice--of creating

"political direct contacts" that emphasize particularist enterprise interests to the detriment of effectiveness, or, perhaps even more ominously, of forming "political joint enterprises." Instead, we should devote more attention to analyzing the problems of already existing joint enterprises, and use the lessons thus learned in efficiently organizing our cooperative endeavors. Direct contacts should not be understood to mean that the high-level organs coordinating the long-range program would obtain supervisory power and the secretariat sanctioning powers over the other organs. After all, such concepts would transform the collaborative nature of contacts into one containing superior and inferior participants. This recognition is reflected in the CMEA Secretariat's May 1986 declaration concerning the legal status and tasks of the above-mentioned organizations.

Resulting from its economic system, as well as from recognizing its own basic interests tied to strengthening cooperation within the CMEA, since 1971 Hungary introduced numerous measures to promote direct contacts; some of which are only now being discussed in the other member countries. In our country permission of the responsible ministry is not required in order to establish direct contacts. Just as samples, we would like to list a few more provisions: Since the entire Hungarian industrial sector is uniformly regulated, no branch-specialty considerations enter the picture in the course equalization; it is enough to ensure that identical values are exchanged, without applying restrictions to the product-profile. Direct contacts can be established throughout the country and without branch discrimination. There is exceptional freedom in maintaining ties with citizens of other CMEA countries, and it is common practice for manufacturer and end-user to visit each other's facilities, without regional restrictions. Decree 7 (1985) of the Ministry of Foreign Trade brought great liberalization to the area of producing enterprises making their own direct contacts with foreign firms.

Hungarian producing and export-import firms are active participants both in the process of synchronizing plans and in formulating agreements concerning foreign trade. Thus, in the later stages of the cooperation, when the time comes to clarify the details of direct contacts, they are the ones representing Hungary. All of this means that Hungary's economic mechanism is already receptive to a greater degree of direct inter-enterprise association than is made objectively available by the over-centralized system of multi-lateral cooperation. This is why we are interested in further developing the network of multi-lateral collaboration, and in finally seeing the materialization of the economic provisions set out in the 1971 complex program.

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PLANNING OFFICE CHIEF: 'NO RATIONAL ALTERNATIVE TO REFORM'

Budapest FIGYELŐ in Hungarian 23 Apr 87 p 3

[Interview with Janos Hoss, State Secretary in charge of the National Planning Office]

[Question] Consolidating our economy and creating the conditions for further development make it necessary for us to thoroughly analyze the economic processes of recent years. In looking for the causes behind the intensification of unfavorable tendencies that cropped up in 1985-1986, wouldn't it be desirable to look back to 1978, to the turning point in economic policies?

[Answer] I believe this is a valid way of phrasing the question, because I am convinced that by consistently implementing the Central Committee's 1978 proclamation Hungary's economy could have made a somewhat slow but not hopelessly delayed adjustment to the changed internal and external circumstances. The proclamation called for a synchronization of internal consumption with the income-producing abilities of our national economy, in such a manner as not to interfere with the development of progressive and competitive management units. However, this proclamation could not have been put into effect by merely applying selective restrictions. The demand for redistribution was so great--after all, we had to transform a 52 billion forint national product deficit in 1978 into a 32 billion forint surplus by 1984, that is, to improve our position by nearly 100 billion forints--that in fact we had to apply restrictions on nearly everyone. To be sure, in part we were compelled to do this, because the practical implementation of the 1978 proclamation was hindered by the credit crisis of 1982, which prompted us to stop the growth of national debt in 1982, three years earlier than previously scheduled. There was much riding on this: we had to maintain our solvency. We succeeded in this, which is an outstanding achievement, even though it took significant resources away from branches and economic units with great potential. Another new phenomenon was that structural devaluation in Hungary's economy--primarily in agriculture and in the manufacture of basic materials--occurred much faster than we expected. I do not mention these objective factors in order to excuse the inconsistency and weakness of our country's economic management.

[Question] But these shortcomings proved to be expensive, because--in the end--they were shown to be behind the recurring phenomena of over-distribution.

[Answer] The lack of selectivity meant that we had to support the uneconomical management units as well. During the first half of the 1980s, this took place primarily at the expense of profitable management units and, after 1985, at the cost of external indebtedness.

[Question] Didn't our economic policy-makers overestimate our country's 1984 trade surplus of about 700 million dollars, which was exceptionally high; and didn't they base their decision to increase the rate of growth on this?

[Answer] Consolidation was characteristic not only of 1984 but the entire period between 1978 and the end of 1984. To be sure, this could have provided the basis for starting to accelerate progress, but it is also certain that we should not have abandoned the strict management norms we used during the period of consolidation. We provided more opportunities for obtaining resources, while we did not strengthen the compulsion to become efficient and productive. In this manner, acceleration was uneven: the control of purchasing power became weaker, which was reflected by the fact that the trade deficit was rapidly growing. What in fact happened was that it was easier to obtain more enterprise resources without increasing the level of achievement.

[Question] According to this, then, our economic leadership was not careful enough in evaluating the relationship between the economic and budgetary balances?

[Answer] This was what substantially happened. Our troubles were complicated by the fact that, based on this unfounded growth prognosis, we constructed an income distribution plan of a greater-than-previous scope, and of the two, only the latter materialized. By late 1985 and 1986 the situation was such that our economy could only be managed by greatly increasing our external indebtedness. The auxiliary resources, which we took on at the expense of external indebtedness and budgetary deficit, were largely utilized not to improve competitiveness but--resulting from the implementation of various partial interests as well--to preserve the old structure.

[Question] The non-competitive branches employ tens of thousands of individuals. Thus, the wages paid out in these enterprises come to represent purchasing power without them creating any monetarily expressible reciprocal value.

[Answer] It is a good thing that you bring this up, because we usually do not talk about this; even though we cannot be truly objective concerning our balance if we ignore the purchasing power you mentioned. The public is not conscious of the connection between these factors.

[Question] The statistics, and what you told me, reveal that the production structure barely changed since 1978. Moreover, at times there were changes that went contrary to global economic trends. How do you explain that?

[Answer] An answer would probably go beyond the limitations of this conversation. For now, let me say this: Any structural change injures or represents certain interests. Even in Hungary, the traditional spheres of activity are provided with significant opportunities to have their interests represented, and it would be futile to deny the indirect—or at times direct—role of this representation. As you said, tens of thousands are employed in these branches. This represents a major force, and at this level we are not talking about economic considerations alone.

For another thing, even the professionals failed to see the relationship between the trade balance, the budget, our credit policies, the regulation of earnings and the formation of prices. In more practical terms, we were unable consistently to represent the point of view, according to which keeping the relationship between the above factors is a key factor for progress.

[Question] Didn't you realize this, or didn't you take it into consideration?

[Answer] This realization did not permeate the majority of our society and the network of our institutions; after all, the modernization of Hungary's economy is a recent development. It is also true that we did not promote such realization forcefully enough, because then we would have had to face certain inherent, unpleasant consequences in economic and social life. The outcome was that, in contrast with the 1978-1984 period, in 1985 and 1986 the nation's balance of payment deteriorated by only 40 billion forints, while in most Hungarian households and enterprises earnings increased (in relation to achievements) and the consumption level of the populace also climbed.

These are the developments that explain why, in its November 1986 proclamation, the Central Committee called on our economic managers to focus on effectiveness-based selection, as well as the acceleration and full acceptance of differentiating processes.

[Question] Does this mean that we have made full use of the opportunities contained in our present production structure?

[Answer] I am convinced that elements of the present structure still contain resources conducive to effectiveness, which must be and can be exploited. However, in the prevailing supply structure the volume of exports can hardly be increased and only at the expense of profitability. This is demonstrated by, among other things, the fact that our hard-currency foreign trade balance deteriorated from 1985 to 1986 by more than 700 million dollars. Moreover, I am convinced that over-emphasis on foreign trade balance and, within that, hard-currency exports, is one of the reasons that structural renewal and market development have been relegated to secondary positions. Forcing exports at-any-cost is a hazardous undertaking: it does more than preserve the old structure, it also encourages the outflow of earnings and this hinders the main goal, the stabilization of the economic balance. For example, last year there was a 40 percent increase in tax rebates connected to hard-currency export. Do not get me wrong, our structural backwardness also endangers our position in the CMEA markets, which have also changed in the interim. This is

still not realized by many people, who hope that a more rapid growth of ruble export, under the same economic structure, could provide the basis for long-range dynamic development.

[Question] In other words, it would be more practical to pursue an economic policy that places less emphasis on export and is more aggressive in stimulating and forcing structural renewal?

[Answer] That is correct. I can even visualize reducing the rate of economic growth for a while and improving our foreign trade balance at a slower pace, in order to accommodate global economic changes and permit the development of competitive management units by utilizing our resources in a suitable manner. This is the only way we can obtain auxiliary earnings and slow the rate of our indebtedness. Even if our growth rate were slower, the divisible amount of resources (contributing to improved effectiveness) would be greater than under conditions of more rapid growth, which require higher subsidies and a deterioration of exchange rates.

[Question] But this would call for strong selectivity. Having listened to the analyses, and having seen the economic achievements obtained during the first two months of 1987, I feel justified in asking you: To what degree did 1986 decide the outcome of 1987?

[Answer] Without doubt, last year's developments created a complicated situation for the fulfillment of this year's plan. The plan for 1987 differs from those of previous years in one significant aspect: It redistributes resources at the expense of residential and community consumption, in order to promote productive investment projects.

To realize the economic policy goals of the plan, we will monitor the main economic processes on a monthly basis and will make changes along the way. Based on the January and February data, we decided to take corrective action. That is why the government decided to devalue the forint and to take other selected accelerating steps, which were already publicized in FIGYELO. In addition, we went beyond the plan in eliminating non-productive investment proposals, community consumption and the various subsidies. Last week's hike in consumer prices was also part of this course. At the same time, there have been steps taken to stimulate savings and to increase investment credits in proportion with the growth of savings deposits. It is important to know that both the restrictive and growth-stimulating measures are applied in a selective manner.

[Question] How much does the budgetary deficit have to be reduced in order to slow external indebtedness?

[Answer] In proportion to the deficit approved by the National Assembly, we must save 10-15 billion forints. The measures I have just mentioned cover a significant portion of the amount to be saved, but the work continues. Accordingly, the budgetary institutions have been and are introducing thrift measures, including the layoff of unnecessary bureaucracy, but it is not excluded that residential consumption will be cut beyond the degree prescribed by the plan.

The stimulation of growth and the selective restriction, combined with the redistribution of resources, may make it possible for our foreign trade balance to show a 50-100 million dollar surplus and may slow the growth of our indebtedness.

[Question] The enterprises' experts refer primarily to the additional restrictions and allude to newer uncertainties in the real processes, such as the policies concerning credits on current assets, or cooperation; quite aside from the fact that many people--expecting a transition to the new taxation system--have decided to wait and stock up.

[Answer] I am familiar with these doubts and dilemmas, too, but I am convinced that we have no other choice than to apply strict budgetary and monetary control. In view of our recent achievements, maintaining the previous liberal practices is not justified. We will simply return to the 1978 starting point: we will bring purchasing power into harmony with the earnings-producing capabilities of the national economy. To be sure, there is a great difference: this time we will be selective in our actions, that is, we will create opportunities for potentially profitable enterprises to develop dynamically.

The preliminary data for the month of March give us some reason to be optimistic; industrial production and export activities have accelerated, and the growth rate of imports has been moderated. The primary danger continues to be the pressure on the budget represented by the need for subsidies and preferential auxiliary allotments.

As for the need for a transition to the new enterprise taxation system, I believe that in this regard there is, and has always been, a broad consensus. Taking the attitude of waiting and stocking up would only undermine this reform measure, which has been urged and approved by the enterprises themselves. Every decision that will lead to the establishment of a good business or improving the effectiveness of management will undoubtedly "pay" under the new conditions.

[Question] You said earlier that we abandoned the policy of consolidation too early. In view of the fact that the situation deteriorated once again during the past two years, wouldn't you advocate the formation of a new, long-range policy of consolidation?

[Answer] There is no doubt that we have to initiate a new consolidation process, based on selectivity.

[Question] Would such a consolidation be realized within the existing mid-range plan?

[Answer] The consolidation process must remain in harmony with the mid-range plan and must strive for the re-establishment of economic balance through effectiveness. In order to speed up structural transformation, we must strengthen the synchronization between the plan's economic policy goals and its system of implementation. We must augment all of this with a general

program of thrift and rationalization at all levels. In other words, we are talking about more than a simple process of consolidation; rather, we are talking about preparing a program of development that points well beyond 1990. In addition to the short-term steps we are also looking to the more distant future, striving to create greater security for the management units to formulate their own development plans and strategies.

[Question] To what degree does such a program contribute to the blossoming of economic reform? What can we do to reach the stage where, instead of being over-regulated, the behavior of the enterprises will be shaped by market forces?

[Answer] It is a fact that we have declared many programs and introduced many innovations, but we have been inconsistent when it comes to applying them. Our greatest omission may have been that we could not be consistent in introducing the selective, differentiating power of the market. I am convinced that our economic policy efforts to eliminate over-distribution will succeed only if the regulations can effectively convey these influences, or if the differentiating-selective force of the market will come to be felt. This is also a condition for the replacement of the quasi-performance incentive, presently formulated in a simulated manner and through various negotiating procedures, by a genuine and objectively operating incentive. All of this makes it clear that the consistent continuation of reform policies is both an organic part of and a pre-condition for development. I am convinced that there is no rational alternative to reform as a social and economic program.

As for the potential conflicts, most of the negative developments resulted not from the reforms but from the process of consolidation. Stabilization and the prevention of crises themselves compel us to take and accept many painful steps.

[Question] There is much talk nowadays that the mutual confidence between the enterprises and the economic leadership has been damaged. There are objective arguments for this. Under such conditions, how can we create the unity of will and action that is required for consolidation and progress?

[Answer] Those who demand subsidies are always dissatisfied, because they feel they are given too little to get them back on their feet. On the other hand, those enterprises that contribute to such subsidies are also justifiably irritated. In this sense, there is a conflict of interest between those who make profits and those who produce losses. Re-establishing mutual trust and creating a unity of action are largely dependent on developing the selective mechanism of the market, which could eliminate the mechanisms of negotiation and the inequitable centralization of earnings. In this sense, there is a natural alliance between well-managed enterprises, the government and the market.

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STATE REHABILITATION OF GANZ ENTERPRISE CALLED SUCCESSFUL

Budapest FIGYELO in Hungarian 7 May 87 p 7

[Interview with Dr Gabor Denes, Director of Operations at the Ganz Electrical Equipment Enterprise, by Arpad Hajnoczy: "After Bankruptcy"]

[Text] It is difficult to file for bankruptcy, but it is useful. People who work for the Ganz Electrical Equipment Enterprise (GVM), which has since been given back its former name, can attest to this. Last March, when the enterprise found itself in a critical situation, the filing for bankruptcy became unavoidable. We ask Dr Gabor Denes what the bankruptcy procedure has achieved so far.

[Answer] Without any alteration in the amount of state subsidies and withholdings, the GVM is no longer loss-producing, its budget is stable and it is solvent.

[Question] In other words, the balance was reestablished without having money pumped into the enterprise. How was it possible to achieve this?

[Answer] In this enterprise's area of production, a monopolistic position is "natural." After all, a factory of such large size producing electrical machinery and electric vehicles is able to supply a larger market than a country of ten million people. In my opinion, this is a positive trait of the GVM. However, during the past ten years the enterprise did not take advantage of this and did not accommodate external marketing conditions, which--by the way--were not unfavorable. It did not react either to the challenges or to the opportunities that were opening up, and thus its efficiency, the quality of its products and work discipline deteriorated.

[Question] What were the direct, internal causes behind this?

[Answer] For years there was talk about developing systems of internal leadership and incentives, but no steps were taken to implement either. I can say this even though I have been here only a year and a half; even such a short time was enough to develop an incentive system that was acknowledged and accepted by the workers' collective. As a result, effectiveness has increased at the smaller units of production.

[Question] Did the enterprise alter its marketing policies?

[Answer] During and after the bankruptcy proceedings, we analyzed the product structure of the GVM. It was decided that no basic changes were needed, that is, we planned no strategic alteration. This stability is the result of our monopolistic situation; our products cannot be replaced by imported items. 70 percent of the GVM's finished products go to domestic use, while 15 percent each are taken by the CMEA and hard currency markets.

At the moment, our primary goal is to improve the technical and qualitative parameters of our products. In an effort to accommodate the demands of the market, we are accelerating the technological development of transformers, motors and generators.

[Question] What did the enterprise accomplish in 1986?

[Answer] The production units that were able to take advantage of internal resources were able to improve their effectiveness by 30-50 percent over the previous year. It must be pointed out, though, that the basis of comparison was very low. Surplus achievement was the direct outgrowth of increased productivity, bolstered by certain thrift and budgetary measures. Thus, by producing the same volume in 1986 as in the previous year and selling the products for 3.7 billion forints, the volume of profits has increased by 80 million forints. Projected over the volume, this is a 2 percent improvement in effectiveness. Unfortunately, the only result of all this has been that the GVM--with a profit of 5 million forints--became a barely profitable enterprise.

[Question] How did the development of an internal incentive mechanism influence the GVM's wage policies?

[Answer] In previous years, the enterprise's wage policies were simple: wages were distributed among the various production units on the bases of--correct or incorrect--input by higher leadership. This was because, until the end of 1985, the enterprise did not have a system of internal accounting and price calculating, which would have allowed us to measure each unit's contribution to our total achievement. This has since changed.

While in 1986 average earnings at the enterprise grew by 4.1 percent from the previous year, projected over performance the increase ranges from 3.9 to 8 percent. Units that are well managed received twice the average increase, and this established a confidence in the workers.

[Question] You are obviously alluding to the fact that the prolonged state of uncertainty induced many employees to leave, and their replacement was hindered by the wage freeze.

[Answer] When the bankruptcy proceedings were initiated and the balance showed that the enterprise was indeed bankrupt, the workers, and even the authorities were shocked, because they did not foresee such a large indebtedness. This led to measures that are difficult to approve, even in retrospect. I consider the wage freeze to be one of these. It was bad enough

to face the economic difficulties, on account of which the enterprise could not raise wages. This was made even worse in March of 1986, when the losses came to light; the supervisory organs ordered an immediate freeze on all base wages. Largely due to this, our two plants in Budapest lost 10 percent of their workers, and this had a long-range retarding effect on the enterprise's operation. At the same time, I must say that I consider the speed of the bankruptcy procedure to be quite a positive factor.

[Question] Did the organizational structure of the enterprise change?

[Answer] Transforming the internal organizational structure of the enterprise is under way. We no longer direct production centrally. Our goal is to transform the plants into independent units that maintain and develop their own markets. Accordingly, we have transferred about half of the employees who previously worked at headquarters--taking care of technological planning, domestic trade relations and operation functions--to the plants.

Also important were the replacements of managers that involved about 50 percent of the mid-level supervisors. This was primarily justified by the fact that we needed new managers who are able to accommodate changes.

[Question] Did the new managers come from the outside? How many people are we talking about? How were they selected?

[Answer] The reorganization touched 114 of the approximately 230 supervisory positions. We dismissed 27 of these, 37 had their job titles changed, and 10 were newly appointed. External hiring was seldom required. In the past as well as the future, we strive to exploit our internal resources. The main criteria of selection are professional expertise, initiative and decisive leadership.

[Question] Manufacturing vehicles, which makes up the largest volume share of your activities, is heavily dependent on your partner enterprise, the Ganz-MAVAG works (GM). As I understand it, the GM has its own problems

[Answer] I do not know much about that, but I have my suspicions. The GM exports most of its rail vehicles to socialist countries, where it can obtain only relatively low prices. If that enterprise could no longer manufacture the vehicle structures for us--due to whatever cause--we would have no alternative than to look for another partner with whom we could continue making complete electric products.

[Question] How much of the GVM's capacity is tied up by the cooperation with GM?

[Answer] It is a good thing you asked about this, because this involves a technological-economic problem that is usually handled superficially by the press. Activities connected with the manufacture of vehicles at the GVM are between 30 to 50 percent of the enterprise's activities: but this data concerns final products, that is, it refers to sales income taken in. When it comes to labor capacity, the manufacture of vehicles takes up somewhat less than the above proportion, while in machine capacity, it takes up about one-

third. What this means is that our participation in vehicle manufacture is quite efficient, because it brings in more income at less cost. The answer to your question is a complex one, but it is a fact that we will strive to continue participating in vehicle manufacture.

[Question] In the course of the bankruptcy proceedings, the Hungarian National Bank worked out a new credit construction. What was the reason for this, and what is the substance of the new system?

[Answer] For years, the Bank has been re-scheduling the repayment of earlier--and, to be honest, not always well utilized--loans, and, just before the bankruptcy proceedings got under way, it cancelled them. The GVM repaid all of its outstanding loans, and by doing so, increased its shortage of cash reserves by more than 400 million forints. After the bankruptcy proceedings, the enterprise's debts remained similar to what they were previously, but investment credits were transformed into bankruptcy credits, and the conditions of repayment were made more favorable.

[Question] In sum, do you feel that--in accordance with the self-concept of the GVM--the enterprise's operating conditions are favorable?

[Answer] Substantially, they are; but this does not mean that we have no more worries. For instance, one of them is the issue of hard-currency import. At our enterprise, the production cycles are quite long, and their programming is hindered by the present annual cycle of import-accounting. And, of course, we are worried by the fact that our wages are lagging behind...

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DETAILS OF LAW ON JOINT-STOCK, LIMITED LIABILITY COMPANIES

Budapest FIGYELO in Hungarian 30 Apr 87 p 1, 5

[Article by Mrs Janos Kovacs: "Joint-Stock, Limited Liability Companies: In Good Company"]

[Text] Article 34 of 1986 on economic associations prescribes that, as of 1 January 1987, legal persons of Hungarian citizenship are also allowed to form joint-stock or limited liability companies. In the case of either type of association, it is the Court of Registration that is responsible for controlling the legality of the undertakings. These types of associations may be created by having themselves registered at the Court.

A joint-stock company may be created with a minimum starting capital of five million forints. The nominal value of stocks issued cannot be smaller than 10,000 forints. There are strict rules for the protection of invested capital; for example, neither interest nor dividends can be paid out of the invested capital. In the event the invested capital is lost, the payment of dividends will be prohibited until the original amount of the invested capital is re-established. Also, there are specific legal prescriptions for the opportunities of reducing the invested capital.

The stock is a piece of security, freely transferable by endorsement, but the joint-stock company cannot buy its own stocks. Owners of stocks are responsible for the company's obligations only to the limit of the nominal value of their stocks, and the nominal value of their stocks cannot be increased during the existence of the company. New stocks cannot be issued until the originally issued stocks (the actual starting capital) are not fully paid for. At the creation of the company it may be prescribed what proportion of the stocks must be paid for in cash. This amount is usually 10 percent of the nominal value, but it may be higher.

In contrast with joint-stock companies, limited liability companies are a "closed" form of association; they include members of a defined legal personality and are not required to make their transactions public. In determining the responsibilities of members in limited liability companies (auxiliary payments and services, etc.) there is a great latitude provided.

The companies' responsibility to their members is unlimited, embracing their entire wealth. On the other hand, the members' responsibility is limited, existing only toward the companies.

The ordinary capital of the limited liability companies may be no less than 500,000 forints, and the minimum amount of contribution to the capital may be no less than 100,000 forints:

--30 percent of the ordinary capital, but not less than 500,000 forints, must be paid in cash;

--the smallest contribution to the capital that entitles the investor to a vote may be no less than 5,000 forints;

--every limited liability company that has more than 25 members and ordinary capital in excess of 2.5 million forints must establish a board of directors.

Principles Regulating Earnings

Regulations covering domestic economic associations are not--or are only partly--applicable to joint-stock or limited liability companies. Therefore, a separate and uniform system of income- and earnings-regulation was developed for these types of associations. Due to the fact that a new tax on production units is scheduled to go into effect in 1988, this system will operate only for a year in its present form. However, the income regulation applicable to the new forms of associations is basically such that it will be easily accommodated by the new tax regulations. The basic principles are as follows:

1) Both types of new associations are required to conform to the general financial conditions that are generally applicable to domestic economic associations. This means that the establishment of either joint-stock or limited liability companies must primarily serve the cause of development.

These associations must also conform to the Ministry of Finance Decree 48 (31 October 1986) concerning the establishment of enterprises, and--in the event the founders choose the 'commercial house' form--they, as well as the house, are eligible to receive the tax breaks provided for them.

2) The uniform nature of fiscal prescriptions indicates a readiness to accommodate the altered tax system. From the point of view of taxation, the specialized or branch nature of the new associations will be irrelevant.

The rules are completely identical for associations performing functions in the agrarian, industrial, or commercial spheres. This was justified in part by the fact that the new associations--as the ideal representatives of new-fashioned capital formation--could (and, it is hoped, would) be formed in order to integrate broadly heterogeneous activities. Thus, the above-cited Ministry of Finance decree will cover all exclusively domestic joint-stock and limited liability companies, and in this application will not contain specialty-based distinctions (tax breaks, etc.). Only three types of tax breaks (rebate on association profit taxes) will be applicable: the above-mentioned preference for commercial houses; an interest rebate applicable in

cases of certain preferred credits; and tax-retention proportionate to the K + F activities of associations.

3) Present fiscal (tax) regulations distinguish between companies that work with foreign participation and those that are founded by domestic individuals only. Regulations concerned with the new types of firms do not affect economic associations with foreign participation; they will continue to fall into the category of current rules for multi-national undertakings. At the same time, several similarities can be detected between the two tax structures, such as in regard to the system of material incentives for the employees of domestically founded joint-stock and limited liability companies.

Similarities and Differences

When it comes to the size and the method of calculating community development contribution and profit tax, the regulations are nearly identical to those applied to other enterprises. It is a significant difference, however, that joint-stock companies are not entitled to set aside some of their profits before paying their taxes in order to create reserves; they may do this within the category of reserve capital, using already taxed resources. Another distinction is that the size of tax levied does not have to be modified (increased) by the positive balance of punitive payments made or received.

In contrast with the earnings regulations applicable to the enterprises, the wage tax is not intended to burden the reserve capital (the "quasi-" incentive fund), but the already taxed profits. Amortization payments, or external resources permanently obtained, are not allowed--even in theory--to serve as cover for wage taxes.

The proposed tax reform--at least according to present plans--will eliminate wage taxes. This notwithstanding, taxation is still contained within the earnings regulations applied to the new types of associations, since other financial institutions operating in a manner similar to the joint-stock companies also pay wage taxes.

In accordance with internationally accepted legal practice, members (shareholders) of these associations receive their dividends from the taxed profits of the associations. This is also in accord with our domestic practice.

Reserve Capital, Taxes

In addition to the already existing peculiarities (the paying of wage taxes and the calculating of dividends before the reserve capital is created), the formation of reserve capital takes place in the same manner as that of the incentive fund, described by the earnings regulation for enterprises. The same thing applies to the use of the reserve capital, except that the two new types of associations are not required to replenish their circulating capital. (Generally there is no rationale behind this.) Nor do regulations covering the material incentive of high-level enterprise employees apply to the elected officers and managers at the new types of associations.

However, the new sphere is not exempt from paying tax on property according to the enterprise earnings regulations, but in fact this has to be done in a normative and unitary manner (at the comprehensive rate of 3 percent). Distinctions in earnings regulations based on belonging to various branches, or due to any other factors, are not valid. In practice, the obligation to pay property taxes is unlikely to "come up" in cases of associations formed after 1987. In 1987 this obligation was removed by a decree of the Ministry of Finance on concessions to new enterprises; and it is foreseen that the tax reform will eliminate it altogether.

The projection base and the size of accumulation tax must be determined in a manner similar to the one used in enterprise earnings regulation. The rules for paying such taxes are also identical.

Material Incentives

What kind of material incentives will apply to employees of the new type of associations?

When it comes to the system of material incentives, there is no distinction made between high-ranking elected officers and managers on the one hand, and regular employees on the other hand. The earnings of all "employees" are determined by the assembled management or membership. Their decision is not directly covered by specific regulations (although it is quite another story that the leadership is "able to get their input heard," when it comes to the level of earnings or annual increases).

The average earnings of the associations' employees (including, as shown above, all employees) consists of two elements:

--One is wages, conforming to the statistical labor regulations. This can be set at any amount, but the maximum that can be claimed as "expenses=wages" may not exceed the upper limit of the employees' scheduled wages, regardless of the amount actually paid out as compensation. (This accountable portion of wages forms the basis for calculating the amount of social security, as well as that of wage taxes.) The portion of the wages that cannot be claimed in this manner represents a direct burden against the associations' reserve capital.

--The other component is the so-called commission, which is derived from the reserve capital of the associations. In this instance there is no upper limit set; the only requirement is that a source must be provided to cover these amounts. The workers must pay a general income tax and subsequently, property tax on these amounts.

--In 1987 a 5 percent increase may be applied tax-free to the base average earnings (that is, the per capita annual amount paid out as wages and commission combined). Any increase in the average wages in excess of this amount would require the levying of a wage tax.

As wage tax, the firm must pay three times the amount equal to the growth in average wages over the tax-free level, multiplied by the number of employees, and account this amount against the reserve capital.

ECONOMIC REFORM CALLED INADEQUATE, NEW STRATEGY URGED

Budapest MAGYAR TUDOMANY in Hungarian No 4, Apr 87 pp 270-282

[Article by Marton Tardos, Department Head of the Institute of Economic Science of the Hungarian Academy of Sciences: "The Organization of Our Economy and the Reforms"]

[Text] The Institute of Economic Science at the Hungarian Academy of Sciences manages the program entitled "The Organizational Structure of Our Economy" under the aegis of the National Medium Range Research and Development Plan (OKKFT.) The examinations have been trying to determine whether the nearly two decades that have passed since 1968 justified the changes made at that time, and what kind of lessons could be drawn from the problems and shortcomings of the post-reform developments.

After the Second World War, there were undoubtedly thorough changes taking place in Hungary's economic life, which up until that time has followed a capitalist course of industrialization. The process, extending over more than a decade and a half, started in 1946 with the nationalization of large banks and enterprises, and was substantially completed in 1960-1961 with the collectivization of agriculture. Subsequent steps, such as the organizational merging of industrial firms (1962-1964) or the campaigns aimed at a similar merging of industrial and agricultural cooperatives, can be considered nothing more than efforts to consistently apply the requirements of the already established order.

The economic change took place in tandem with the growth of the communist party's leading role, which was later fixed in the country's constitution. This implied not merely the liquidation of large capitalist enterprise, followed by the near-complete elimination of individual firms from the economic scene, but also the construction of an economic system, in villages and cities alike, which are made up of easily manageable, centralized and hierarchically directed units; something that was to be modeled on the contemporary Soviet example.

The Precedent: Plan-Management by Directives

The hierarchically centralized apparatus that regulated and controlled economic activities accomplished its functions not only by making sure that

laws were respected; through plan-instructions it also directly prescribed the economic units' tasks, for the accomplishment of which the most important resources and necessary materials could be obtained only via the central distribution network. Through the use of directive supervision, central authorities managed to gain factual control over the cooperatives and private enterprise as well as the nationalized enterprises. Large enterprises tried to protect their own interests through the practice of plan-juries, attempting to determine what kind of tasks they would be assigned and what kind of materials they would receive. Their autonomy did not go beyond their ability to determine the structure according to which they would meet or exceed the plans, or in what areas they would risk falling behind. Within this limited area of mobility, enterprises were influenced by stimulation to meet the provisions of the plan, profits accumulated in the system of internal accounting, and other indicators of success.

State administrative organs--meaning, in the case of nationalized enterprises, the branch ministries and the local councils--implemented the directing and controlling of economic units in the framework of so-called proprietary supervision. The supervising of cooperatives was formally performed by the national councils elected by the membership, or their presidents, who also enjoyed the confidence of the government. Similar national bodies supervised the activities of licensed private craftsmen and private merchants as well.

Party organs have always been active participants in direction and control. Their direct influence was limited to cover the selection of cadres to be placed in charge of economic units, but through the membership and party organizations they maintained constant control over not only aspects of mobilization (labor unions, women's and youth movement, etc.) but also over the economic activities. Their primary tools in this were the constant calling to account of the enterprise manager, regardless of party membership, as well as occasional campaigns to check certain designated economic processes.

The rationale behind all-out centralization in economic management, which was installed in Hungary on the Soviet model after the Second World War, was that the internal contradictions of market-oriented production based on capitalist ownership are not only unfair when it comes to distributing power and profits, but also opposed to the demands of rational management. (1)

The results achieved by the developed economies of Western countries have been proving with increasing force that even though the ownership relations of capitalist economies are unfair, these economies are able to create the conditions needed for effective growth. On the other hand, the example of Hungarian economy and of other centralized economies demonstrate that it is not so easy to establish the much-hoped-for rational economic management, as long as certain social injustices survive, and even new ones are created. By greatly concentrating resources, the above described planned economy managed through directives may be able to bring about definite growth in certain selected branches, but it is unable to show decisive results for the breadth of the entire economy. This unpleasant fact becomes particularly evident when a country's uneven growth has already exhausted its reserves of labor force, investment capacities and mineral resources. Under the above form of economic management the individual citizens and producers--each of whom, according to

proclamations, are supposed to be co-owners of the nationalized means of production--in fact had no proprietary rights. Thus, workers in nationalized plants did not consider themselves co-owners. Even members of cooperatives did not have a greater sense of ownership: On paper they had the right to dispose of the cooperative's property, but their actual rights were so limited and narrow that their situation scarcely differed from that of any other citizen. Thus, in fact, every productive member of society was compelled to participate in the economic life of the country not as a co-owner, but merely as an employee: he was supposed to place his labor-capacity at the disposal of state or cooperative leadership, at a rate that was determined by state regulations. Only a few (private craftsmen, merchants or small peasants, etc.) chose to remain outside the hierarchically controlled economic organs, acquiescing in earning legal incomes from their independent activities. However, their incomes were so severely regulated by the state administration, and their activities were so limited in scope that their situation and freedom of action did not differ significantly from those of employees in the nationalized sector. Thus--even if we do not consider the occasional regulations restricting labor-migration--the legal labor-market opportunities open to citizens were primarily limited to negotiating production- and wages-level, changing work-places, and earning extra money by working beyond regular hours.

As consumers, the citizens were free to use their earnings (wages, pensions, sick benefits and any other legal or illegal incomes) to purchase goods and services. However, the producing and merchandising organs did not strive sufficiently to satisfy their needs. The shortage of goods limited the citizen consumers' sovereignty, compelling them to make substitutes or save their money.

Even state-operated enterprises and cooperatives became dissatisfied with the above type of planned economy managed through directives. They demanded increased development efforts in order to maintain the prescribed pace of growth, but central distribution was unable to provide the resources necessary for this. The situation of the enterprises was made even more difficult by the fact that, even within the framework of their centrally assigned sphere, they were unable to procure in a suitable manner, because--similarly to the rest of the populace--they were subject to the monopolistic whim of sellers.

It became evident that the "state of being consciously organized," which was supposed to replace the market, was not able to synchronize the complicated system of divergent social interests with the available resources, and could not effectively stimulate members of the society to satisfy demands. Instead, in order to deliver on the promises made by the transformation, it developed an extensive bureaucratic state apparatus. This also brought about the unfavorable consequence that the apparatus, in order to retain the privileges it obtained, used the shortage due to the un-synchronized nature of demand and supply as a justification for its own "disciplining" activity.

Recognizing the relationships described above, Hungary's political and economic leadership decided to undertake significant changes in the mid-1960s.

Embodied in the June 1966 decision made by the Central Committee of the MSZMP, these changes were reflected by the economic reforms put into effect in January, 1968.

In examining the Hungarian system of economic management, we have been trying to determine whether the nearly two decades that have passed since 1968 justified the changes made at that time, and what kind of lessons could be drawn from the problems and shortcomings of the post-reform developments.

The Goals of the 1968 Economic Reforms

Nearing the end of the second decade after the introduction of reforms, it is worth re-examining the goals that were established at the time. The introductory part of the MSZMP's October 1966 proclamation refers to these five goals of the reforms:

"to strengthen our socialist system, accelerate the progress of our party and our people toward their objective, the completion of a socialist society;"

"develop the socialist ownership relationships and resources; increase the independence of socialist enterprises and improve their effectiveness;"

"contribute to the planned nature of economic growth, the development and modernization of methods involved in socialist planned economy;"

"ensure that the principles of socialist wage-policies are more effectively implemented, and that party activists, as well as all workers be more effectively stimulated to perform more diligent and higher quality work;"

"work toward making the total labor of society more effective, and within that, the work of each economic unit better organized." (2)

Augmenting the above is the statement according to which "...the reforms preserve and develop those elements of our economic life that have been proved worthwhile and viable, and eliminates those that are obsolete." These observations do not differ significantly from the declarations analyzing economic progress and setting policies for the future that have been appearing regularly in the Soviet Union since 1917 and in the other Eastern European countries since 1950. A significant deviation is seen by some people in the following statement: "Our national economy will provide more opportunities for economic competition between enterprises." In concrete terms, this meant the desertion of plan directives and the centralized system of material- and commodity-allocation, which was defined in the proclamation in this manner: "The enterprises will be able to define their own plans, and make their own decisions as to ... how many of each items within their profile they wish to produce and put on the market, as well as how much of their required material will they buy and from which sources..." The party decision did more than promote the replacement of distribution by marketing and plan directives by profit incentives; it also openly voiced more significant demands for the diversification of economy's sectors. This was expressed in connection with competition: In addition to equally based competition between the various state-operated enterprises and cooperatives, the decision was also made to

The decision also recognized the regulating role of prices, acknowledging that they can fulfill their functions only if, in addition to production costs and state subsidies, the "value judgement of the market" is also taken into consideration. Moreover, it also stated that this would be possible only if "authorities decrease their involvement with setting prices," and if "state regulation of prices were to become flexible."

In contrast with the policy of isolation and retreating behind the protection of socialist world market, the decision promoted a strategy of economic openness. It voiced the desirability of "stronger stimulating effect to be exerted by foreign markets on our production, our marketing and our entire economic development."

The program set out by this party decision is also characterized by the recognition that our objectives in systematically improving the workers' standard of living, their working and living conditions can only be realized by "using new approaches in labor mobility and transfer," and by "accepting the temporary difficulties that may thus arise." This change should be coupled with earnings that are "closer related to performance and efficiency," and with developments in the area of social control over "workers and labor organizations representing them." In view of the broad range of the decision's requirements, it is easy to agree with the opinion of Janos Kadar, who said: "The economic reforms are of outstanding importance among the changes that have taken place since the Second World War." (3)

However, the changes of 1966-1968 have been severely restricted by three factors. To begin with, the party decision visualized "the operating conditions and rules of the market" as being under the control of central decisions synchronized by the plan. While recognizing that the market's influence may lead to deviation from the plan, it approved of such deviations, or refrained from implementing the original plan's directives through administrative means, only "if this did not interfere with realizing the main goals of the plan, and if the changes were favorable for the national economy..." This provision, over-estimating the planners' forecasting abilities, made it possible for people and organs adhering to the principle of total centralization to depict each change not in their interests as negative side-effects, and to "trim them away," thereby neutralizing the positive effects of competition and the market. Secondly, in order not to change too much too quickly, the reforms temporarily left untouched the organization of economic life inherited from the time of centralization and its supervision. As a result, the country's economy--becoming ever more simplified, working with an ever-decreasing number of enterprises under a continuously more absolute system of supervision, and beginning to approach the ideal of a national economy working as one enterprise--turned toward the market at a time when few enterprises had even a partial autonomy in management practices. Conditions contributing to the elimination of plan-regulated management and encouraging the appearance of market-oriented competitiveness were scarcely present: there were scarcely any goods that consumers, retailers or institutional buyers could obtain from more than one source. In addition to stabilizing the peculiar monopolistic situation of the sellers, but also made it possible for the state and party control of economic life to point out the "culprits" or the "culpable parties" in the event of any real or professed

economic disorders. The number of enterprises and this seller-buyer relationship remained substantially unchanged, delaying the full development of reforms for 13 years, that is, until 1980.

Finally, the reforms consciously interpreted regulated socialist marketing management in a manner that its influence was limited to the production and commercial distribution of goods, having little effect on the transaction of production-factors, such as labor and capital. In other words, the reforms relied on the efficiency of a regulated market economy in which the profit-distributing function of the commodity market is not accompanied by the earnings-redistributing function of labor- and capital-market. In the areas of labor and wages, this meant one thing: The reforms presupposed that the enterprises' chances for introducing wage-differences based on performance--directly related to profits--would stimulate the workers to increase their production. At the same time, they considered it socially acceptable for equally skilled and productive workers to earn greatly different amounts at various work-places, depending on the profitability of enterprises. When it came to investments, the absence of capital market was based on the theory that by retaining central control of investments able to alter the economic structure, it would be possible to use enterprise profits for financing investment and servicing the loans taken out to start projects, without infringing greatly on efficiency requirements. Obviously, proponents of the reform concept abandoned the idea of labor- and capital markets, accepting the problems derived from this, because they considered it one of the criteria of socialist regulated markets, that the conflict between capital and labor (surviving even under socialism) should not become public in the form of institutionalized wage-struggle. In addition, they felt that--as an important element of socialist production relations--investments affecting the structural development of commodity production should remain subject to the conscious decision-making process of the central organs.

The Reforms' Achievements - Contradictions Within the Organizational System

Due to space limitations, this essay can only allude to the investigations (covering nearly all aspects of economic life) which demonstrated that there has been a significant economic progress since the reforms have been introduced. The most important achievement was that the producers were stimulated to satisfy consumer demands. However, the changes did not bring about the expected results either in the efficient use of resources, in the technological renewal of economic life, or the development of a closer correlation between demand and supply. Thus, the reforms were not sufficient to make up for the losses resulting from the objectively deteriorating foreign trade circumstances of the country. Let us review the factors that stood in the way of the reforms' success:

Our investigations have shown that there are two primary causes limiting the reforms' success: one is that--especially after 1972--the internal contradiction between the centralized power structure created after the Second World War and Hungary's internal market which called for numerous decision-making centers stimulated the anti-reform factors; and the other is that the economic leadership did not turn its attention on the issues that were left unsolved by the reforms, on the contrary, the attacks from those who wished to

turn back the clock prevented it from realizing several goals originally on the reform's agenda, such as the transformation of the organizational network.

Of the two closely related issues, I will first focus on the problem of relationship between the spheres of economy and authority. Conflicts related to this have changed periodically. There is no opportunity here to describe the historical process accurately. Thus, I will summarize the major characteristics of the phenomena involved, alluding to the peculiarities of each period. It is commonly known that, as early as during 1968, the economic breakthrough attributed to the reforms resulted not only in an acceleration of growth, a reduction in the amount of labor and capital required by a given volume of national product, and a larger selection of goods, but also in certain side-effects that were considered less favorable. For example, though observed earlier, it was first brought to light that employees of enterprises classified in various categories worked for widely disparate wages. Among other effects deemed undesirable at the time we can refer to the so-called second economy, (the auxiliary shops of agricultural cooperatives, the General Consumer and Marketing Cooperatives [AFESZ,] the manufacturing and service firms, etc) with growth and earning potentials surpassing that of the socialist sector, and the increasing volume of trade in free-priced goods, such as luxury and imported items. Using the dissatisfaction evoked by these phenomena as a pretext, the counteroffensive to push the reforms back started on several fronts. For one thing, the restrictions--originally designed to be temporary--were never removed; on the contrary, new measures were implemented. The reform of the regulatory system was not followed by the planned organizational measures. Instead of merging the branch ministries and reforming the system of councils, there was a gradual return--especially between 1972 and 1978, during the period of "hidden re-centralization"--to methods that were similar to those used in the previous period. Taking advantage of the hierarchical structure of most organization and the fact that tasks of the national economy could by and large be identified with the activities of certain enterprises or enterprise-groups, the branch ministries and other supervisory organs were able to convey their "expectations" to the enterprises even without reverting to directives. The problems of management, the acute shortage of goods, the unforeseen price-increases and layoffs, the wage-increases many people deemed uncalled-for, etc., gave additional legitimacy to the existence of these organs and justified their interventions. In an attempt to protect their own positions, organs of economic leadership proclaimed one set of principles while following contradictory ones. On the one hand, they declared themselves to be for incentive profit-sharing, knowing all the time that compulsions forced upon the enterprises from above effectively block all incentives. Thus, they were convinced that they resorted to the hidden methods of political pressure only in order to avert undesirable effects. It was for the same reason that they hindered the genuinely unrestricted course of free prices, blocked the freeing of other prices and the liberalizing of rigid limitations on wages and earnings and thus prevented the market from exercising its influence over economic activities.

The constant regulatory activities of the state and party apparatus--which, after 1980, were often formalized in contracts with enterprises (export pledges in exchange for wage-preferences or special bonuses, etc)--appeared to be genuinely useful in many cases. The interventions were able to limit

shortages at a tolerable level, to delay price-hikes, to moderate import-demands and to increase export production. However, interventions did not go hand in hand with increases in effectiveness; on the contrary, deteriorating effectiveness was frequently the price of "achievements." Special attention should be paid to the measures of the 1980 which appeared liberal and market-oriented. In most of these cases, it has come to light that--contrary to the slogans--the practice was strengthening the position of those in favor of intervention. A good example for this was the introduction of competitive pricing system. The announced positive principle, according to which world market prices as well as domestic demand and supply play a role in the domestic system of prices, was never put into practice. Negotiations between enterprises and the state in the framework of competitive pricing system merely brought new forms to take the places of earlier plan juries, which after 1968 became negotiations concerning regulations.

With enterprises foundering in difficult financial situations and, without subsidies, possible bankruptcy, the state and party leadership viewed this as an invitation to intensify their own so-called supervisory activities. In practice, this meant their ability to arrange subsidies, preferential loans or other financial remedies. Their political initiatives and their success in arranging such assistance were instrumental in preventing the disappearance of marginally efficient enterprises and headed off bankruptcy proceedings against other loss-producing firms. The elimination of enterprises was usually avoided by this method: government organs wrote off the debts of troubled firms and granted assistance in starting new, more promising production programs. The number of troubled large or middle-sized enterprises facing elimination, whose cases were regularly dealt with for years by the economic organs of the Council of Ministers, the State Planning Commission (ATB) and the Economic Committee (GB) is widely known. When it came to smaller enterprises, industrial or agricultural cooperatives, the Hungarian National Bank was able to extend assistance on its own.

Handling the cases of near-bankrupt enterprises in this manner meant, on the one hand, that during the lengthy negotiations things remained unchanged. In other words, by leaving a loss-producing process untouched, the volume of bad debts owed to the National Bank continued to increase. To be sure, the newer programs resulting from negotiations between the enterprises and the authorities included promises for the scheduled repayment of leftover debts, after implementing usually modest changes in the structure of production. However, it was not unusual for an enterprise to receive only one or two years of reprieve, after which another bankruptcy procedure was initiated. Our criticism of this practice, described in our case studies, was frequently rejected by the responsible organs; not only did they try to cover up for the weaknesses of established methods, but referred to our observations as "digging up" accidental past mistakes. Moreover, ignoring any comparison between substantive points, they refused to consider the new enterprise programs, developed on the bases of valid decisions, as reviving old methods, defending them instead as exclusively feasible "qualitative innovations."

A significant share of the bankruptcy procedures were carried out within the framework of reorganization campaigns, which generally amounted to infringing upon the autonomy of local industrial firms and agricultural or craftsmen's

cooperatives. As we have pointed it out in our case studies, these campaigns played an important part in strengthening the legitimacy of local state and party organs. The sharp contradiction between the state and party documents that called for unified, enterprise-based, "normative" economic management and the above described practice cannot be considered accidental. It may be the most important claim resulting from our study that the conflicts are less likely to have their roots in the weakness of economic regulations, and especially not in the delay of organizational changes, than in other factors which are hidden deeper. This observation is supported by the fact that organizational changes implemented after 1980 proved to be inadequate. Increasing the number of enterprises, creating one industrial portfolio to replace the three branch ministries in an effort to achieve unified leadership, and developing the entrepreneurial sector of the economy were insufficient to expedite a solution significantly. We are convinced, and developments after 1985 seem to support our point, is that the weaknesses of development are not primarily caused by the inconsistency of already executed changes at the enterprises, but by the absence of important market institutions, foremost among which are the capital- and labor force markets.

After all, even under theoretical circumstances, profits reflect only the momentary market relationship between demand and supply. Even when a firm operates in the best market mechanism, its profits reflect numerous random factors. Therefore, profits in and by themselves--even if they are one of the best measurements of a firm's current activities--do not provide enough direct information either as to what are reasonable wages to be paid the workers of the firm, or how much investment in the enterprise is worthwhile. It is an important peculiarity of Hungary's economic mechanism that it uses current profit figures for the direct regulation of wages and investments, instead of an evaluation based on proprietary interests. This has several negative consequences: First of all, it becomes necessary to levy high taxes on profits and, as is commonly known, taxing profits--especially at a progressive rate--weakens the incentive for higher profits. It may become necessary to introduce compulsory utilization of profits, such as its assignment to development and profit-sharing funds, as was the case during the early 1980s. The economically unfounded functions of current profits, however, interfere with rational management, and they are unable to replace proprietary considerations aiming at the preservation and increment of property. In the absence of the latter, the presently employed profit-regulating methods, which also perform earnings-regulating functions, will remain inevitable. And this regulation--as was demonstrated by post-1985 practice--is made necessary by neglecting considerations of enterprise property, even if everyone knows that all known methods of earnings-regulation tend to restrict the improvement of productivity and that their variants only produce changes in the methods used to short-circuit them.

When it comes to investments, due to the great centralization of earnings their regulation (which is supposed to substitute for a proprietary approach) creates this situation: post-taxation profits earned from any economic investment project are able to cover investment expenses only in the most exceptional cases. As a result, only larger enterprises are able to implement significant investment projects, because they are almost entirely independent of the success of investment projects; they have large enough development

funds to invest without credits, or to pay their debts. On the other hand, even the most efficient investments made by smaller enterprises are successful enough to cover the next larger project only in the most exceptional cases.

Regardless of its intentions, the regulating mechanism substituting for capital- and labor force markets will evoke specific, and discriminatory, intervention on the part of central organs. In general, such intervention re-allocates earnings in a direction that is contrary to the requirements of effectiveness, that is, from good to poor managers. The three most important channels of re-allocation analyzed and described in our study are: influencing the prices, the specific distribution of budgetary subsidies and burdens, and floating credits according to criteria that vary from enterprise to enterprise. In more or less modified forms, these methods--breaking down the healthy circulation of money and hindering the effects of the market and effectiveness--are still operating. The only area in which a noticeable reduction took place during the recent years is the volume of direct subsidies. Thus, the absence of a capital- and labor force market necessarily brought about a situation in which the requirements of normative regulation have remained un-fulfilled.

At the same time, the system of specific regulation also meant that the centralized hierarchical organization inherited from the period of planned economy managed through directives, is substantially intact, although in modified form: specific plan directives have been replaced by specific interpretation and regulation of functions. In order to bring a meaningful change to the situation, it is imperative to institutionalize a capital and labor force market, and regulate the demands of the national economy in a uniform manner. However, this further calls for significant measures--not present in the 1966-1968 reforms--such as making the conflict between enterprise property and the earnings incentives of employees, and further decentralizing decision-making power concerning investments.

We must make separate mention of economic development outside the sphere of large socialist enterprises. According to the provisions of the reforms, instead of striving to reduce private enterprise, it should be encouraged if it increases the selection of goods on the market or if its products are cheaper than those of the nationalized or cooperative sector. Yet, statistics show that, in spite of favorable results, up to 1980 the level of lawful private enterprise had been falling.

However, statistics consider the small household plots of agricultural cooperative members as part of the socialist sector, (because their owners are buying their supplies from, and selling their products to the cooperatives,) not taking the non-taxable volume of trade into consideration. It would be more realistic for us to put the non-taxable private production of goods and the private household plots in the same category as small private agricultural plots. Basing our statistics on this kind of calculation, we can see that, even if private enterprise has not reached the same proportions as during the pre-collectivization period, it has begun to grow after 1968.

The opportunities of private enterprise began significantly expanding during the 1980s. If the legally prescribed training and other conditions were met, authorities could no longer refuse to grant a private craftsmen's license to applicants. As of 1982, the state made it possible for people to create a variety of small enterprises, such as economic work teams, civil legal associations, mini-cooperatives, and others of the kind.

The modification brought considerable successes. Together with the small private agricultural plots, private enterprise produces a good one-third of Hungary's GNP. What is more, this sector has been a major contributor to the slow economic growth that has been in evidence since 1979, and--in spite of the restrictions on imports--private production had a large part in preventing a shortage of goods and services. However, this phenomenon also has its negative aspects. For one thing, private and small entrepreneurs, similarly to newly formed small cooperative and state enterprises, are still no more influenced by the market as firms of the socialist sector; sellers continue to enjoy advantages over buyers. This is caused in part by the failure of the state to develop a uniform system for regulating demand throughout the national economy. By unitarily financing state and cooperative enterprises, and by assigning consumer supply and export tasks to them, we created a situation in which small and private enterprises (which are more sensitive to shortages) are able to survive even if they do not operate more efficiently than the socialist sector, or even if their adjustment to consumer demands leaves something to be desired. On the other hand, some segments of private enterprise (such as construction, or material and cultural services) achieve their high volume by paying higher wages (sometimes twice or three times as high) than the socialist sector. In cases of un-licensed and unqualified activities, the differences between results and wages are even greater. This negative development is caused by the fact that the unitarily financed larger units of the state or cooperative sector are insensitive to earnings, that is, they are reluctant to satisfy small demands or to broaden their activities even when their business is slow; instead, they turn to private enterprise. Therefore, most of these firms have more orders than they are able to satisfy, even in slow times. And if the level of demands shrinks to the point where it may not assure them of their expected earnings, they are immediately ready to reduce the scope of their offerings. Finally, it is also a negative development that savings accumulated in private enterprise are generally not utilized in the productive or merchandising sphere, due to the progressive and often punitive taxation of private earnings. Thus, a disproportionately large share of private savings are used for luxury purposes (expensive travel, luxury houses, vacation homes, automobiles) or are speculatively invested (house-building or the purchase of antiques and real estate), which are not beneficial for the economy.

Recent Efforts To Solve the Problems

During the early 1980s there was an increasing realization of the need for additional thorough changes. As shown by our investigations, among the demands modifying the organizational, institutional and supervisory systems, there was increasing role assigned to the institutional strengthening of enterprise autonomy, the forceful liberalization of price- and earnings regulations, and the uniform restriction of demand-level throughout the

national economy. In April 1984, the Central Committee of the MSZMP took a position in support of the changes: As a result, new forms of enterprise management were introduced. By the end of 1985, there were 387 enterprise councils and 183 firms managed by workers' assemblies, and the proprietary management of these enterprises is not in the hands of branch ministries or local councils. The new forms were introduced at other enterprises during 1986, and the number of small enterprises was increasing. Even excluding the specialized cooperatives, the enterprise economic work teams (VGMK,) or private craftsmen, by the end of 1985 there were almost 15,000 economic units operating in the country, of which 5,400 had been incorporated. (According to comparative statistics, the number of similar enterprises in the 1970s was 4,000.)

Beginning with 1985, the capital market was also starting to develop. Certain firms began issuing freely marketable bonds. There was an acceleration in founding various kinds of enterprises. New economic regulations are frequently issued. There is less rigidity in the restrictions on earnings and prices. Bankruptcy procedures have been legally formalized. A so-called "re-training assistance" program was installed or perfected, providing social assistance to workers who lost their employment. The banking system is undergoing a significant transformation, aiming toward sharpening competition.

All of these important and positive developments, however, were not accompanied by the qualitative improvement of our management practices. For example, our 1985-1986 foreign trade achievements compared negatively with those of 1984. We fell behind on our foreign market obligations, and the supply on our domestic markets was not improving. The achievements of the socialist sector were increasing. The enterprises continue to use their earnings, left over after the state deducts its share, to increase personal incomes, instead of contributing to the growth of their capital holdings. What is more, this tendency has grown since the new management forms were disseminated.

It is still difficult to measure the developments of the past two-three years. However, it is already evident that the positive achievements of 1983-1984 were not indicative of a general positive trend, but only the results of extraordinary efforts. By applying coercion and rewards, often to the detriment of effectiveness, the economic leadership forced certain improvements in the foreign trade balance. Since 1985, with limiting the use of administrative coercion and rewards, there has not been a simultaneous attempt to force the use of economic-financial measures. Enterprises continue to manage their affairs under severe restrictions. All the time, it is evident for them that they cannot escape their financial troubles on their own, but they can rely on being able to avoid bankruptcy with the aid of state and party organs. This recognition leads to the conclusion that they are not compelled to change their old behavior. In other words, the troubles of our economy have deep roots, and the changes thus far applied are not sufficient to eliminate the harmful effects of centralization.

The above passages clearly showed that the reform-oriented developments of the past two decades could not lead to unequivocal results, because their course was negatively influenced by the organizational structure "inherited" from the

period of centralized management. The only way to escape our present predicament is to adhere to the goals that were defined in 1984, but which were inconsistently executed. Success is not likely, if we try to improve our balance of payment using the old methods, such as specific regulations, coaxing and the promise of target bonuses.

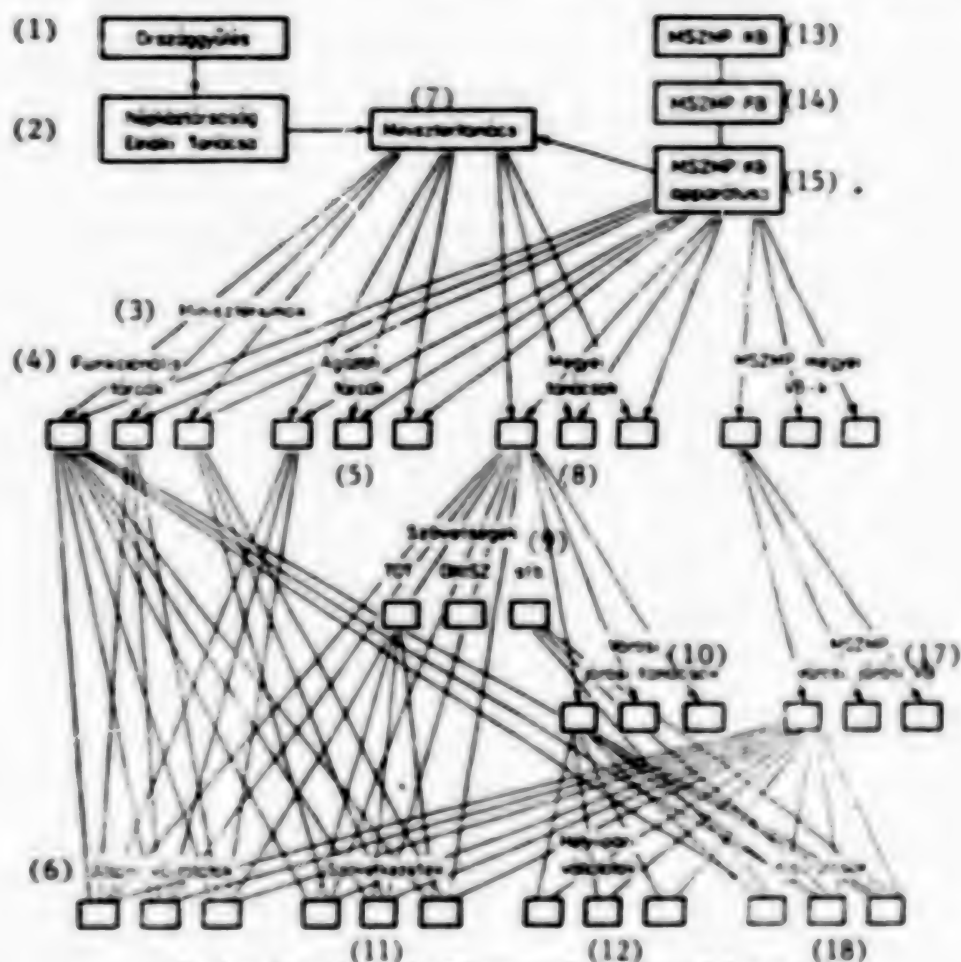
In order to solve our problems, we need to develop a unified strategy of economic policies. Within this, one of our task is to further develop the institutional autonomy of enterprises. It is not sufficient to use the earnings of the enterprise collective in keeping control over enterprises which have been removed from under the supervision of branch ministries and local councils. We must develop an institutional method for controlling the enterprises' work, based on the return of invested capital. In order to create ideal conditions for proprietary incentives, a number of various enterprise forms (share-issuing corporation, limited corporation, etc) could be introduced. This is closely tied to creating the market-oriented varieties of capital allocation; in addition to the already introduced practice of issuing bonds, other steps, such as establishing a stock market, and institutionalizing capital centers, could be effective.

Even before establishing proprietary incentives and a capital market, there is an immediate need for the reform of the budgetary and credit-system. As a part of the reforms, on the one hand we could eliminate the practice of augmenting the enterprises' earnings from budgetary sources, and on the other hand we must establish circumstances under which the national and regional banks jointly exercise strict control over the nationwide demand in proportion to the abilities of our economy. This would mean that if the demand for credit were to exceed the desirable level of supply, demand would have to be reduced by increasing interest rates. Establishing a level of regulated solvent demand, and creating proprietary incentives, would enable us to significantly reduce specific and end-use oriented restrictions on enterprises. Firms must have much more freedom to set prices and wages, and to eliminate loss-producing activities. As for profit-making enterprises, they should be given the liberty to develop and invest.

Our economy, expanded by the creation of a capital- and labor force market, will not be able to show good results, unless the system representing the interests of society's various strata--those of workers, engineers, merchants, members of industrial and agricultural cooperatives--is further developed. Therefore, the necessary changes place sizeable demands on the labor unions, the National Council of Producer Cooperatives (TOT) and other interest groups.

The only way we can move our economy away from the threat of stagnation and crisis is to institute courageous and risk-taking economic policies that are able to mobilize the capital- and labor force market and develop a uniform system of institutions for the control of demand.

Figure 1. The Centralized Hierarchical Schematics of Economic Management



Key:

- (1) National Assembly
 (2) The Presidential Council of the People's Republic
 (3) Cabinet Ministries
 (4) Functional Portfolios
 (5) Branch Portfolios
 (6) State-owned Enterprises
 (7) Council of Ministers
 (8) County Councils
 (9) Associations (National Council of Producer Cooperations, National Alliance of Private Craftsmen, et al.)
 (10) Town and district councils
 (11) (Agricultural) Cooperatives
 (12) Local Manufacturing Enterprises
 (13) Central Committee of the MSZMP
 (14) Politburo of the MSZMP
 (15) Central Committee Apparatus of the MSZMP
 (16) County Executive Committees of the MSZMP
 (17) Town/District Executive Committees of the MSZMP
 (18) Private Craftsmen

NOTES:

(1) "The first act which the state undertakes as the genuine representative of the entire society--the nationalization of the means of production--is also its last act as a state... Control over persons is replaced by the management of things and the control of the productive process... When the means of production are taken over by society, this will put an end to the production of commodities, and with that, the domination of commodities over producers. The anarchy of social production will be replaced by planned conscious organization." Friedrich Engels, "Anti-Duhring," in "The Complete Works of Marx and Engels," volume 20, Kossuth Publishing house, Budapest, 1963.

(2) "Proclamation and Documents of the Central Committee of the MSZMP," 1963-1966, Kossuth Publishers, Budapest, 1978.

(3) Speech by Janos Kadar before the November 1967 meeting of the Central Committee of the MSZMP. TARSADALMI SZEMLE in Hungarian, No. 12, 1967.

12588

CSO: 2500/341

SEJM COMMISSION ASSESSES SECOND STAGE REFORM THESES

Warsaw RZECZPOSPOLITA in Polish 27 May 87 p 5

[Text] Addressing on 26 May the Sejm science and technical progress commission, the chairman, representative Zbigniew Puzewicz (PZPR) said that, mutually conditioning themselves, technical progress and economic reform problems must be analyzed and evaluated at one and the same time. The commission assessed the "second stage reform theses."

Referring to the document's assumptions, Jerzy Markowski, secretary of the Council of Ministers committee for economic reform affairs, defined the role played by scientific and technical progress. Similarly as chairman of the proceedings, he stressed the fact that genuine progress to a greater extent depended more on general economic conditions (and in particular, on economic equilibrium, correct price relationships, selection of suitable motivation) than on mechanisms solely aimed at inducing the progress makers' activities.

He further said that up to now, such mechanisms were chiefly meant to provide chances for progress, and were not adequately aimed at their economic implementation. This must be changed within the second stage of economic reform, i.e. the period dedicated to inciting initiatives and the spirit of enterprise. Such a stage will result in new technical solutions.

The above remarks were briefly supplemented by Wieslaw Grudzewski, vice minister of the office for scientific-technical progress and steering.

The conclusions of the sub-commission which had prepared the relevant draft opinion were presented by representative Danuta Grzywaczewska (PZPR). The conditions for technical progress will to a great extent depend on the choice of the way the country's economic equilibrium was to be sought. The earlier such aim is reached, the sooner the reform can give up various forms of administrative pressure forcing the progress through, which methods can never replace its genuine absorption by the national economy.

Discussions followed along similar lines, and the 'theses' as a whole were being evaluated, and not just their fragments directly concerning science and technical progress matters. Many critical remarks were voiced. Among the more frequent criticisms were: the solutions proposed were not extending to the matter as a whole, the absence from the 'theses' of the problem of progress as created by academic schools, a too general way of dealing with environmental protection problems, the lack of a general program of further reform activities proposed by the 'theses', the mediocre readability of the text.

The questions posed and doubts voiced in the discussions have been answered by J. Malkowski, who pointed to the nature of the 'theses' as a document. It is a program document. The itemized scenario of executive activities, taking into consideration the wealth of the social consultations underway, will be prepared by the recently appointed Council of Ministers committee.

As the second item on the agenda, the text of the previously drafted opinion concerning the evaluation of the effectiveness of foreign travel for scientific purposes was adopted by the science and technical progress commission.

The floor was also taken by Representatives Andrzej Gawlowski (PZPR), Jan Janowski (SD), Jan Karol Kostrzewski (non-party), Edward Kowalczyk (SD), Rudolf Michalek (ZSL) and Stanislaw Urban (ZSL) and, among guest-participants, Prof Klemens Bialecki, chairman of the Main Council on Science and Academic Schools, and Czeslaw Dabrowski, NIK (Najwyzsza Izba Kontroli—Supreme Chamber of Control) team director.

5174/12223
CSO: 2600/643

ROLE OF SELF-MANAGEMENT IN REFORM DOCUMENT CRITICALLY VIEWED

Warsaw POLITYKA in Polish No 22, 30 May 87 p 5

[Article by Pawel Ruszkowski]

[Text] The role to be played in economy by self-management is granted solely a marginal importance by the relevant proposals contained in the "Theses on stage two of economic reform." This is clearly contrary to the premises of reform adopted in 1981 and to the statements of the Tenth Party Congress.

While under the law on self-government the workers' council is to enjoy, first of all, the status of an organ of the enterprise, it is considered by the 'Theses' to be exclusively an agency of self-management. This is not a matter of terminology but a fundamental divergence of concepts. By virtue of regulations in force, and the consequent social practice, the workers' council and the general assembly of delegates are granted the position of deciders in all the enterprise's strategic affairs. The workers' council votes the enterprise plan, determines its executive structure, distributes the profits, decides the appointments of higher level managers (and, in certain enterprises, appoints and revokes the director), plans the enterprise's development trends, authorizes (or refuses to authorize) the enterprise to join various economic organizations (associations, conglomerates, partnerships etc).

This irrefutably means that the fate of the enterprise is decided or co-decided by the workers' council (or according to its competence, the general assembly of delegates).

In the "Theses", the assumption that the workers' council is just an organ of self-management results in a new model in which the council's main function is to lend support for the manager's activities.

Given the turning point which the entire economic organism is now going through, it is suggested that one of the three pillars of the economic reform be recast into a prop for "the efficient managing, selection and shaping up of higher level cadres, for supporting activities in favor of better labor discipline, for enhancing labor productivity and quality as well as its safety."

If the evaluation of the managers' work shows that they are not up to their fundamental service duties, and that these must be done by a general mobilization of sorts, it would perhaps be done by a general mobilization of sorts, it would perhaps be better to dismiss them. If this is the case, no time should be wasted discussing the second stage. It would be better to declare "zero option" in other words, go back to square one.

It is certainly not my intention to ask self-management agencies to deny the managers their support. I have just been surprised by the 'Theses' proposals for the workers' councils not going beyond just that. In other words, this looks like a proposal not to be rejected.'

The concept of the brigade system is another element of the "reconstruction" of the self-management model. As we learn from the "Theses", such a concept has numerous incontestable qualities: it forces initiatives to come from the higher levels and develops grassroots ones, unites the management and the self-government ideas, deepens the former concept of workers' self-government, and closely links the wage increases with labor productivity.

"Thus"--the authors of the "Theses" conclude--"there are provided more advantageous conditions for the implementation of the fundamental principle of economic reform without administrative constraint forms being introduced."

In such a situation, the slogan "Power to the brigades" should certainly be signed with both hands. However, before being carried away by the wave of enthusiasm, it is worthwhile to discuss certain objective limitations to the brigade system.

This form of work organization may be applied wherever the technological processes enable us to introduce cell production or individual piecework in other words, in a situation in which the end product is fully or in its major proportion supplied by a given brigade. I have my doubts as to the expediency of such a solution in the case of a production line or where the technology calls for close cooperation by several brigades entrusted with various production activities (e.g., at a steelworks).

Should the brigade system not extend to the entire crew, it will chiefly result in the emergence of privileged groups (e.g., owing to the guarantee of continuous work or to the brigade members' qualifications being higher than average).

This would lead to sharp conflicts of interests, most of all among the brigade's manual workers.

The spectacular effects in the form of higher productivity are short range ones. The main reserves having been exhausted, there remains the possibility of enhancing the work intensity and, finally, of extending

the hours at work. It does not seem realistic to expect a steady increase in productivity without modernizing the technology (investment outlays) or without revolutionary changes in the management system on the scale of the entire plant. (For instance, there is no known mechanism of persuading the middle level technical supervisors to voluntarily change over to the brigade system).

Relations between the workers' council and brigade system also require an exact analysis. We learn from the "Theses" that self-management is strengthened by brigades as a form of direct democracy. Such an assertion is the obvious consequence of considering the workers' council a social factor lending the manager support within his operational activities. For if there are self-governing, self-financing and autonomous brigades, who will better than they favor improved discipline, higher productivity and better safety? The workers' council of the previous period of the first stage of reform is in this context just a thing of the past.

If however one considers the workers' council an agency of the enterprise, and so an organ of authority exercised on behalf of the crews and due to their will, then the path proposed by the 'Theses' seems rather tortuous and slippery if it is to lead to full self-government. The self-managing brigade reaches micro-economic decisions concerning particular sections. What is there in common between a fully autonomous brigade's decision dictating who is to work with whom and what his compensation is to be, and the passing by the workers' council of, e.g. the plant's financial plan? There are the different economic contents of the decision, its rank and the responsibility connected with it, and the incommensurate interplay of social interests and forces. Hence, why is one form of participation in management supposed to deepen the other one?

The dilemma of the workers' council's strategic and operational functions has for a long time now been discussed by the self-government activists. The practical choice has been effected by a substantial proportion of workers' councils through setting up the system of lower level workers' councils [according to CBOS (Centrum Badań Opinii Społecznej—Public Opinion Research Center) data for 1985, there were section and/or plant councils in 15 percent of enterprises]. Owing to this, in many enterprises there has been far-reaching socialization of management processes. For instance, there are 33 councils at Szczecin's "A. Warski" Shipyard, and 20 councils at "Warszawa" Steelworks. These councils are busy settling particular problems in their close environment, and this enables plant level councils to give their best attention to matters strategic.

Therefore, one should express surprise that such experiences remain totally unknown to the authors of the "Theses." In effect, they fail to perceive the simple mechanism by means of which the brigade system and the workers' self-management can be linked together without any collision whatsoever. It would be enough to draft the plant election regulations in a way to enable partner-brigade leaders to be elected to the general assembly of delegates of a particular section. This would result in a coherent system embodying various plant democracy forms.

CATHOLIC COLUMNIST QUESTIONS 'SMALL-SCALE UNEMPLOYMENT'

Katowice GOSC NIEDZIELNY in Polish No 19, 10 May 87 p 8

[Text] A non-puzzle heard a little while ago: what is a lizard? A lizard is a crocodile following the third stage of economic reform.

It is too early as yet to prophesy whether, some day, the third stage will come. At any rate, that eventual third stage is clearly identified by some with the so-called miniaturization in general, as the consequence of support at present lent to small businesses. That which is small or even smaller arouses, after all, not a small but rather a growing sympathy of influential factors, starting with the idea of lesser evil.

Following the line of 'small is beautiful', I frequently find in the press something akin to dreams of small-scale unemployment and the praise thereof. Columnists are voicing their belief in its positive moral influence. They firmly state that it is high time to put an end to the widespread opinion that the state owes everyone a job and preferably still, in the trade one had mastered. Without the threat of unemployment, people are just pretending to work, paying tribute to a slap-dash instead of a good quality. They are aware that even if fired, they will have no trouble finding a job elsewhere. And if threatened by unemployment, they would pull themselves together, and strive for better effects of their toil. The 'better work, better pay' principle would of course have to apply.

And if one reflects that for long years, the overcoming of unemployment was considered the foremost conquest of the PRL... This was happening at both higher and lower levels while so many postwar achievements were time and again questioned in the light of life.

The reasoning of those in favor of small-scale unemployment sounds convincing enough; it does, however, arouse certain minute doubts. The quality of human work does not exclusively depend on the good will of a particular worker or even on his skills or abilities. It is also affected by certain external factors such as the organization of work and the kind of tools and raw materials available or even by the inter-dependence of various 'branches', all of the so-called communicating

vessels. It is well-known that the better the lumber, the better the quality of doors or windows. Whenever the buses or streetcars are more efficient, so are the cabs.

Not to be underestimated are the standards of evaluation of human work and, in particular, the relationship of the employer's point of view and that of the end user of a product or service. In some countries, and during some periods, such points of view are convergent, in others--less so, and in some, seemingly not interdependent at all. For instance, in time of old, the way a city was to be built was determined by the point of view of its population, i.e. of the users. The construction of modern Polish cities is decided by the point of view of the employer or the man in charge of the project, of planners and builders, not necessarily the same as that of the user, quite often victim to their splendid plans. How should one assess the quality of the work done by several planners of this or that? To me as well as to other men in the street, it is just no good. Here, I would at once prescribe small-scale unemployment. Unfortunately, as evaluated by higher levels, they are entitled to excellent marks and state prizes. This is what happens when there are two, often mutually opposed systems of evaluation criteria.

In an unofficial way, there have always been cases of small-scale unemployment in postwar Poland. The limits to admission to many schools, academic ones in particular were meant to prevent it, even though they were not invariably crowned with success. One way or another, and to the planners' great surprise, cases of overproduction were suddenly making their appearance.

It is obviously easiest to refer to poor work done by people at the lowest levels, e.g. janitors, salesgirls or the administration's subordinate personnel. It seems ever so simple: fire the bad one, hire a good one if there is choice. In the meantime, the quality of work even at those levels does not seem to be the by-product of the absence of "changing factors." It determines the resultant of a much more complex situation. Besides, can anything be built based primarily on the perception of
reality?

5174/12223
CSO: 2600/643

NEW NATURE RESERVATION OPENS

Prague RUDE PRAVO in Czech 8 Jun 87 p 1

[Item by the CTK: "The Palava Biospheric Reservation"]

[Text] Last Saturday hundreds of experts and other interested persons got acquainted with the idiosyncrasies of the protected reservation of Palava which was declared on 2 June 1987 by the UNESCO decree a biospheric reservation. Experts are conducting there a long-term scientific research and observation of environmental changes.

The area of mere 80 square km has an extraordinary position in Central Europe. It is a natural link of many thousands of years during which this land was continuously settled and intensively cultivated; it has a warm climate and alluvial forests at the confluence of the Morava and Dyje rivers and in the Lednice-Valtice national park. In the future this biospheric reservation will be connected with the planned Austrian national park in the valley of the Dyje, Morava and Danube rivers.

The UNESCO program "Man and Biosphere" includes at present 228 biospheric reservations in 62 countries. In the CSSR, in addition to Palava, there are reservations in the vicinity of Krivoklat, Trebon and Slovensky Kras [Slovak Karst]; among the reservations abroad are, for instance, the Yellowstone National Park in the United States, the Hortohagy in Hungary, and the Greenland National Park.

9004/12859

CSO: 2400/321

CRIMINALITY IN NORTHERN MORAVIA RISES

Prague NARODNI VYBORY in Czech No 16, 1987 p 10

[Article by -rlh-: "Focus on Youth"]

[Excerpt] The second plenum of the North Moravia KNV [Regional National Committee] discussed the enforcement of socialist law and order and reviewed the current situation; on the same occasion it adopted a programmatic document entitled "Main Tasks of National Committees in the North Moravia Kraj in Enforcing Socialist Laws and Protecting Public Order During the 1986-1991 Election Period." Furthermore, it assessed the performance of the courts, the prosecutor's office and the SNB [National Security Corps] units and their cooperation with national committees in enforcing state discipline, socialist coexistence of citizens, and protection of their rights and legitimate interests. The adopted document represents a directive for the activity and cooperation of national committees in the North Moravia Kraj with other state agencies and public organizations in the struggle against anti-social activities and their causes.

The development of criminality in North Moravia thus far may be characterized as unfavorable. Not only has the number of persons prosecuted for crimes and felony increased, but at the same time here is the highest coefficient of prosecuted, namely, 225 persons per 10,000 citizens, or one-fifth more than in the CSSR.

In the past 5 years the number of individuals charged with economic crimes has been gradually rising. Also, crimes against socialist economy have struck mainly the branches of metallurgy, heavy engineering and other industries, service sectors and enterprises managed by national committees, state trade and construction.

Even worse is the situation in terms of crimes against property in socialist ownership. The rising pressures for a systematic fight against misappropriations resulted in the disclosure and prosecution of more persons for the crime of speculation. This kraj has highly exceeded the average of the CSR and of the whole republic.

The prosecution of juvenile delinquents has declined, but in the 1981-1984 period the criminality of minors under 15 years of age continued to rise,

especially in case of crimes against property. The increasing incidence of robberies poses a serious problem. The effect of alcohol in juvenile cases is not as strong as in adult perpetrators. Thus far the advantages of public participation in criminal prosecution have not been utilized, especially by the SSM [Socialist Youth League], and tasks stipulated to agencies and organizations by decisions of the CSSR government No 67 of 1975 and No 368 of 1980 are not being appropriately fulfilled. Moreover, the development of criminal recidivism, which in the North Moravia Kraj is about 5 percent above the national average due to higher migration of the population, has also been unfavorable. The majority of repeaters are guilty of parasitism and thefts and do not pay the stipulated alimony; their highest rate is reported in the districts of Bruntal, Karvina, Ostrava and Sumperk.

Furthermore, the problem of drug addiction which is also on the rise has spread from sniffing to abuses of pharmaceutical products. In 1985 alone 143 cases, 78 of them juveniles, were prosecuted in this kraj.

Obviously criminal prosecution itself cannot by far replace the family, school, the team and the whole society as educational influence. Hand in hand with national committees, our public and economic organizations must do much more to stop the dangerous proliferation of criminality. They must collaborate with the court in eradicating particularly the causes leading to violations of ethics, discipline and socialist law and order.

Statistical data on felonies investigated by national committees have shown that over the past 5 years criminal delinquency has increased. While in the districts of Bruntal and Sumperk felonies declined, criminality increased in the districts of Frydek-Mistek, Olomouc, Opava and Prerov. The reason may be, on the one hand, in the fact that following the legal amendment on national committees and especially the establishment of the task force for investigations of felonies our national committees on local level have stepped up their investigation, and on the other, that our citizens are becoming more involved. Crimes against socialist coexistence represent about 75 percent of all crimes investigated annually by national committees in this kraj.

9004/12859
CSO: 2400/321

INSTITUTE FINDS ELEMENTARY EDUCATION DEFICIENT

Bratislava NOVE SLOVO in Slovak 23 Apr 87 p 14

[Article by RNDr Ludovit Hrdina, CSc and RNDr Juraj Vantuch: "Teaching in the Old Style"]

[Excerpts] By means of a partial expert analysis of "On the Problems of Increasing Efficiency at Elementary Schools," the Institute of Experimental Pedagogy of the SAV [Slovak Academy of Sciences] in Bratislava wanted to contribute to what we know about the state of the educational-cultural process and to seek ways of improving it. We explored only some of the factors influencing the work of pupils and teachers in elementary schools. Sharing the concluding formulation of the analysis, in addition to the authors of this article, were these employees of the institute: Dr M. Simoncicova, CSc, Dr P. Gavara, CSc, Dr M. Holcik, CSc and Dr M. Samhelova, CSc.

Within the scope of our analysis we carried out a didactic examination of 500 pupils in 10 elementary schools; 424 teachers from 30 elementary schools in the SSR filled out supplementary questionnaires.

The subjects which comprised the didactic exams were the Slovak language and literature, mathematics, physics, civics and geography for seventh grade pupils of ZS [elementary schools]. The first part of each exam consisted of nonstandard exercises by which we wanted to see if pupils could understand items of information in actual contexts and whether they could apply them in new situations not previously taught. The other part of the exam consisted of current school lessons which for the most part called only for reproducing information.

The questionnaires for teachers called for information supplementing the data in the didactic exams in order to better understand the conditions of the educational-cultural process from the point of view of the elementary school teachers.

By comparing the results of the answers to the pair of standard and nonstandard exercises on the Slovak language and literature, mathematics and physics we ascertained that failure in solving the nonstandard exercises was higher than for the standard ones. However, we had not anticipated that in 17 exercises out of 25 this failure rate was over 60 percent. In civics and

geography the results of both kinds of exercises were approximately on the same level.

We found significant deficiencies in Slovak spelling with an average of 11 errors per 100 words; in pupils' writing; in mathematics in calculating percentages and mechanical use of formulas; in physics in inadequate application of mathematical knowledge and formal mastery of concepts; in civics and geography in inadequate knowledge of subject matter and lack of comprehension of certain concepts.

The results of the answers to the standard exercises revealed unused potential in meeting the educational-cultural objectives of the schools. The reasons for this not quite satisfactory situation can be seen in reference to the teachers' views on inadequate review and verification of subject matter. In reply to the question of how they would make use of increased teaching time for their subject matters, 91 percent of the teachers said that they would devote it precisely to more reviewing and verification of the subject matter. The large amount of teaching material in the textbooks does not permit more thorough and comprehensive mastery and prevents practice in applying the knowledge and training toward creativity. The teachers considered the greatest deficiencies of the textbooks to be the great number of concepts, the complexity of the concepts in view of the capacity of pupils of a given age and also the large amount of general factual material and unsuitability of the text with regard to sentence length and complexity. There are not enough exercises for reviewing subject matter in the textbooks. About 70 percent of the teachers supplement the texts with their own exercises and examples.

The document on "Further Development of the Czechoslovak Educational-Cultural System" calls for overcoming "traditional education aimed at verbal mastery and mechanical repetition of subject matter." From the results of the nonstandard exercises the unsatisfactory status of the productive and applicative capabilities of our students is evident. To overcome the negative habits of memorization and largely repetitive character of pupil activity in interaction with teachers will obviously not be a short-term process. Even though the teachers consider that a student's ability to apply knowledge taught is most important (81 percent of respondents), this does not mean that they give proper attention to this objective—especially in view of the time constraint.

Three quarters of the teachers consider the concept of the educational-cultural objective as absolutely clear and only 2 percent of the teachers mention any unclear aspects. But it is precisely among the critical voices that we must seek those who thought more deeply about the problems of educational-cultural objectives, who recognized from the evidence the emphatic necessity to go "from the informative to the formative." Among the above-mentioned three quarters of the respondents we see those who identify educational-cultural objectives with narrow didactic objectives of the kind that say "learn so and so."

Our results confirm the critical opinions of foremost Czechoslovak specialists on the current level of implementing the concepts of the document on "Further Development of the Czechoslovak Educational-Cultural System." We realize, however, that this is a complicated, many-faceted and long-term process which requires constant updating with the development of individual scientific disciplines and the development of didactics.

Another pressing problem is that connected with the excessive number of children (up to 40) in classes. In these classes the work of the teacher is difficult, particularly in view of individual teaching activity and also going over new subject matter, reviewing and evaluating pupils. We see no other way than to reduce the number of pupils in classes, even at the cost of financial expenditures. After all, the return of these financial outlays will be seen in the form of quality education of our children which, from the viewpoint of the future, cannot even be estimated, in our opinion.

We consider education and culture as an open system which involves a considerable number of scientific and research workers. With special interests we support the idea of solving the problems connected with the whole concept of the educational-cultural process and at the same time taking into consideration the maximum number of factors which influence the work of the schools. This kind of complicated and long-lasting job can bring out young generation positive results, improve the educational-cultural process and create organic harmony between the development of socialist society and the development of our socialist schools.

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CSO: 2400/265

QUALITY OF ART EDUCATION IN HIGH SCHOOLS QUESTIONED

Prague UCITELSKÉ NOVINY in Czech No 1, 1987 p 12

[Article by Josef Slomek, Decin: "Baroque--An Unknown Land"]

[Text] While reading the article "The French and the Czech Baroque" published in TVOŘBA, I became all excited about the idea that we, Czech high school teachers, could raise the interest of our students the same way it was accomplished in the Claude-Nicolas Ladoux school in Dole, France. Last summer, 40 boys and girls, age 14 to 17, came to Prague and right after arrival, in the evening, they surrounded Braun's and Brokof's statues on Charles bridge and all listened attentively to what their teacher had to say.

How did he manage it?

In 1985, he suggested to them to spend a little more time in school as well as out of school studying the baroque period. Their reaction was usual, the same that we would expect from our students. Complaints about what the teacher is up to again. At first not even the parents were supportive. "But gradually professors of other classes were agreeing, in view of the subjects of literature, history, and languages...."

After reading the article, I regretted that it was not published in a magazine that the young generation reads more. Anxiously I hurried to the junior class of one high school with a focus on visual art. I asked whether any one subscribed to TVOŘBA and I could not believe my eyes: the whole class raised their hands! However, one girl had read the article, which surprised me, since the title suggested it dealt with visual art.

I made great efforts to explain my excitement to them and I asked the others to read it. They had a whole week to do it. They did not know what I had up my sleeve but they could suspect that it had something to do with baroque. I asked four questions: What is baroque? What time period does it involve? Name at least one baroque architect, sculptor, painter, or composer. Name at least one baroque building, statue, painting or composition.

From the 24 answers to the first question, almost all answered that it is an art composition or style and three added that it is noted for its grandness and spatial articulation. Surprisingly, one in five answered the second

question correctly. The rest placed baroque in the Middle Ages 14th and 15th centuries) or in the 18th and 19th centuries.

No one knew a baroque architect; the name Monier came up three times--he is the inventor of reinforced concrete. Someone even gave the name Visconti (an Italian director). Eighteen people could not come up with a sculptor; the remaining answers were incorrect (Copernicus, Leonardo da Vinci, etc...).

In case of painters, three answers were correct. Karel Skreta was named; one student even said that he painted a family portrait. Of the incorrect answers, Picasso was the most surprising and 15 students did not name anybody. Half of the students remembered J.S. Bach, eight did not name any composer, others were naming Beethoven, Mozart, and even Vanhala.

The worst results were from the fourth question. From architecture, only one student correctly named the St Nicolas Cathedral, 14 students did not name any structure. The incorrect answers included the Charles Bridge excluding the statues and the Hluboká castle. The statues were correctly named only once--the statues on the Charles Bridge--the rest of the students did not name any. In painting, except for the two wrong answers (Mona Lisa and the Woman With a Weasel)--nothing. Compositions did not fare any better. Only one answer appeared--a wrong one (Für Elise).

No wonder that I was disappointed. I decided to commiserate with the readers of UCITELSKÉ NOVINY hoping for a response which would bring a suggestion how to achieve the same success as our French colleague, Antoine Dedenon.

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